



Michelle Lujan Grisham, Governor  
David R. Scrase, M.D., Secretary  
Nicole Comeaux, J.D., M.P.H., Director

December 30, 2021

Juliana Sharp, M.P.P.  
Technical Director  
Division of System Reform Demonstrations  
State Demonstrations Group  
Center for Medicaid and CHIP Services  
Centers for Medicare & Medicaid Services  
Via E-mail: [Juliana.Sharp@cms.hhs.gov](mailto:Juliana.Sharp@cms.hhs.gov)

Re: New Mexico Section 1115 Demonstration Waiver Amendment #2  
"New Mexico Centennial Care 2.0" (Project No: 11-W-00285/6)

Dear Ms. Sharp,

New Mexico has received a partial approval of its Section 9817 American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) Spending Plan from the Centers for Medicare and Medicaid Services (CMS). To effectuate the initiatives identified in the HCBS Spending Plan, New Mexico is seeking to amend its most recently submitted 1115 Demonstration Waiver Amendment #2 to include the proposed initiatives. An expeditious review and approval will allow New Mexico to move forward with this time limited opportunity to enhance, expand, and strengthen HCBS services across the state.

### **1115 Demonstration Waiver Amendment #2: Additional Proposals resulting from HCBS Spending Plan**

#### **Additional Community Benefit Waiver Slots**

New Mexico is proposing to increase the number of Community Benefit allocation slots for members who do not meet standard Medicaid financial eligibility and who have been determined to meet a Nursing Facility Level of Care (NF LOC). New Mexico is proposing to increase the number of Community Benefit Waiver slots identified in Special Terms and Conditions (STC) #42 by 1,000 beginning in Demonstration Year (DY) 9. This proposal will enable more elderly and disabled New Mexicans to receive Community Benefits.

#### **Increase Transitional Service Limits**

Community Transition Services are one-time set-up expenses for individuals who are transitioning from an institutional or other provider-operated living arrangement (excludes assisted living facilities) to a living arrangement in a private residence where the person is directly responsible for his/her own living expenses. The current limit for Community Transition Services is \$3,500 per person, every 5 years and is described in Attachment B, Section IV of the STCs. New Mexico is proposing to raise service limits on Community Transition Services from \$3,500 to \$4,000 every 5 years beginning in

DY9 and will continue through the end of the current demonstration period. This proposal will support members returning to the community from an institutional living arrangement and will improve system rebalancing efforts.

### *Increase Environmental Modification Service Limits*

Environmental Modification Services include the purchase and/or installation of equipment and/or making physical adaptations to a member's residence that are necessary to ensure the health, welfare, and safety of the member or enhance the member's level of independence. The current limit for Environmental Modification Services is \$5,000 per person, every 5 years and is described in Attachment B, Section VIII of the STCs. New Mexico is proposing to increase the Environmental Modification service limit from \$5,000 to \$6,000 per person, every 5 years beginning in DY9 and will continue through the end of the current demonstration period. This proposal will promote aging-in-place for those who are at risk of institutionalization and will also help to offset cost increases of construction resulting from the public health emergency.

### **Public Process**

New Mexico has complied with public process requirements outlined in STCs #6, #7 and #9.

- New Mexico published its Section 9817 ARPA HCBS Spending Plan on its website on July 14, 2021. See: [NM-HCBS-ARPA-Spending-Plan\\_07122021.pdf \(state.nm.us\)](#)
- New Mexico distributed a 30-day Public Notice of its Section 9817 ARPA HCBS Spending Plan and comment period to interested parties on July 14, 2021. The public comment period remained open from July 14, 2021 through August 18, 2021. See: <https://www.hsd.state.nm.us/wp-content/uploads/HCBS-ARPA-Spending-Plan-IP-FINAL.pdf>
- New Mexico issued notice of its Section 9817 ARPA HCBS Spending Plan, comment period and opportunity for Tribal Consultation on July 14, 2021. See: <https://www.hsd.state.nm.us/wp-content/uploads/HCBS-ARPA-Spending-Plan-TN-21-15-FINAL.pdf>
- New Mexico published notice of its Section 9817 ARPA HCBS Spend plan and comment period in the State's newspapers of widest circulation on July 17, 2021.

In addition to public notice, New Mexico conducted several stakeholder engagement hearings:

- On July 1, 2021, New Mexico held a stakeholder session on the ARPA HCBS funding opportunity providing key stakeholders with an opportunity to review the initial spending plan and provide public comment. Stakeholders included, but were not limited to: providers, State government agencies, Native American Tribe and Pueblo officials, members, interested parties, and legislative staff.
- On August 9, 2021, New Mexico dedicated time during its Medicaid Advisory Committee (MAC) hearing to update the committee and interested parties on the HCBS Spending Plan and obtain additional feedback.
- On October 1, 2021, New Mexico dedicated time during its Native American Technical Advisory Committee (NATAC) to update the committee and interested parties on the HCBS Spending Plan and obtain additional feedback.

## **Public Comments**

Through the public comment period, New Mexico received feedback supporting the various proposals across the Workforce, Infrastructure, Navigation, and Services Pillars of its Section 9817 ARPA HCBS Spending Plan. Several commenters requested more detail in the HCBS Spending Plan and initiatives described, and comments are being addressed with each quarterly HCBS Spending Plan update provided to CMS. Commenters provided suggestions on New Mexico's phased approach for implementation, which will be continuously evaluated by the State with each quarterly spend plan submission and stakeholder engagement.

Commenters suggested the creation of a vision or roadmap for the redesign of HCBS activities. Given the successful rebalancing work New Mexico has done to ensure almost 90 percent of our eligible members are in HCBS settings rather than institutional settings, our approach is not to entirely redesign but rather enhance, expand, and strengthen existing services. New Mexico is also committed to strategic and thoughtful implementation of these proposals and agree that the sharing of a roadmap with stakeholders is of value and is committed to doing so.

Several commenters noted their strong support for adding slots to both the Community Benefit program and the Developmental Disabilities (DD) Waiver stating applicants wait a considerable amount of time for services. These commenters also noted their hope that New Mexico would consider expanding beyond the 1,000 Community Benefit (CB) slots and the 400 slots for the DD Waiver as initially requested in the HCBS Spending Plan. To make a significant reduction in the number of applicants on each waitlist, New Mexico has committed to eliminating the DD waitlist and will continue to explore expanding additional CB slots as part of the HCBS Spending Plan initiative.

Commenters also shared positive feedback on the activities proposed in the Workforce Pillar. Ideas shared that remain under consideration by New Mexico include support towards developing a specific career path for direct care workers, which may include components such as training, coaching/mentorship, and fair wages and benefits.

Lastly, commenters shared other ideas outside of those activities proposed that could benefit HCBS in New Mexico, including: a PACE expansion; a Supports Waiver-like program to provide personal care to older adults and adults with disabilities; initiatives to help nursing facilities transition their business model to become HCBS providers; and additional supports to family caregivers. New Mexico will continue to evaluate these options, including priorities of the State with necessary sustainability planning, and will update the spending plan as new initiatives are identified for funding.

## **Budget Neutrality**

The proposed revision to the pending Centennial Care 2.0 1115 Demonstration Waiver Amendment #2 to increase the number of community benefit slots and increase individual budgets for select community benefit services, as described in New Mexico's partially approved Section 9817 ARPA HCBS Spending Plan, does not have a material impact on the current Hypothetical Test 1: Hypothetical Groups budget neutrality test (See STC #98).

The addition of community benefit slots does not impact the budget neutrality agreement as New Mexico is not at risk for increased member months, and any new members through the additional community benefit slots would be assumed to have the same PMPM as the existing members.

The increased individual budgets for select community benefit services for the remainder of the current 1115 approval period does not have a material impact on the PMPMs to warrant an adjustment. New Mexico acknowledges that any Federal Financial Participation (FFP) that exceeds the federal share of Supplemental Cap 1 will be reported against the main budget neutrality agreement in STC #104.

### **Demonstration Evaluation**

The additional proposals identified in this request will be evaluated under the State's approved Evaluation Design Plan.

- Hypothesis 1: Continuing to expand access to LTSS and maintaining the progress achieved through rebalancing efforts to serve more members in their homes and communities will maintain the number of members accessing Community Benefit (CB) services.

The HCBS Spending Plan can be viewed at <https://www.hsd.state.nm.us/community-benefit-program/>.

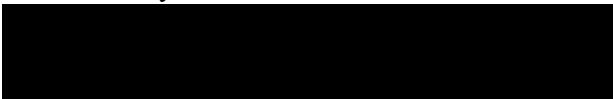
### **Technical Assistance Request**

In consideration of the time limited opportunity presented by Section 9817 of ARPA and the prospective approval requirement for section 1115 demonstration waivers, New Mexico requests technical assistance from CMS to determine whether the COVID-19 1115 demonstration authority, which permits a retroactive effective date, could be used to authorize the initiatives described herein to ensure impacted Medicaid beneficiaries can receive these enhanced HCBS as soon as possible. New Mexico understands this targeted 1115 demonstration authority ends with the termination of the COVID-19 Public Health Emergency and the Centennial Care 2.0 1115 demonstration would also be needed to continue these initiatives.

We value the opportunity afforded to the State through this federal initiative and look forward to working with CMS to obtain approval of these proposals as part of the New Mexico Centennial Care 2.0 1115 Demonstration Waiver.

Should you have questions or require additional information, please contact Julie Lovato at [julie.lovato@state.nm.us](mailto:julie.lovato@state.nm.us) and Valerie Tapia at [valerie.tapia@state.nm.us](mailto:valerie.tapia@state.nm.us).

Sincerely,



Nicole Comeaux, JD, MPH  
Medicaid Director

cc: Lorelei Kellogg, Deputy Director, Medical Assistance Division  
Linda Gonzales, Deputy Director, Medical Assistance Division  
Elisa Walker-Moran, Deputy Director Medical Assistance Division  
Valerie Tapia, CMS Liaison, Medical Assistance Division