

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 09-009	2. STATE New Mexico
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE December 1, 2009 November 1, 2010	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart F		7. FEDERAL BUDGET IMPACT: (\$3,862,980) reduction for FFY 2011	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19 B pages 6 and 6a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19 B pages 6 and 6a	
10. SUBJECT OF AMENDMENT: Outpatient hospital reimbursement			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 13. TYPED NAME: Carolyn Ingram / updated: Julie Weinberg		16. RETURN TO: Julie Weinberg, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 - 2348	
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: December 30, 2009 / updated 10/29/2010			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 30 December, 2009		18. DATE APPROVED: 1/27/2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1-December, 2009 Nov 1, 2010		20. SIGNATURE OF REGIONAL OFFICIAL: Associate Regional Administrator Division of Medicaid & Children's Health	
21. TYPED NAME: Bill Brooks			
23. REMARKS: * Pen + Ink Change Made per State's e-mail Dated Jan 20, 2011 Changing the effective date of this plan amendment to Nov 1, 2010			

STATE <u>New Mexico</u>	A
DATE REC'D <u>12-30-09</u>	
DATE APPV'D <u>1-27-11</u>	
DATE EFF <u>11-1-10</u>	
HC.FA 179 <u>09-09</u>	

Outpatient Hospital Services

III. For outpatient hospital services provided by approved Title XIX hospitals for reimbursement purposes, effective for all accounting periods which begin on or after October 1, 1983, the amount payable by the Medicaid program through its fiscal agent for services provided to Title XIX recipients and covered under the Medicaid program, the manner of payment and the manner of settlement of overpayments and underpayments shall be determined under the methods and procedures provided for determining allowable payment for outpatient hospital services under Title XVIII of the Social Security Act.

Effective April 1, 1992, for those services reimbursed under Title XVIII allowable cost methodology, the Medicaid program reduces the Title XVIII allowable costs by 3 percent. The interim rate of payment shall be applicable to all hospitals approved for participation as Title XIX hospitals in the Medical Assistance Program.

Effective for dates of service on or after November 1, 2010, outpatient hospital services, which are not designated as Critical Access Hospitals, are reimbursed at an outpatient prospective payment rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. All rates are published on the Department's website at: <http://www.hsd.state.nm.us/mad/PFeeSchedules.html>

A Critical Access Hospital, a designation made by Medicare following the Medicare Rural Hospital Flexibility Program created by the federal government in the Balanced Budget Act of 1997, will be paid at a percentage of the state developed fee schedule rates that equals the cost to charge ratio reported by the hospital to the Medicare program and will be updated annually to the most recent cost to charge ratio reported by the hospital to Medicare.

In no case can the reimbursement for outpatient hospital services exceed reasonable cost as defined under Medicare Title XVIII.

- a. Reimbursement for clinical diagnostic laboratory services are subject to the upper payment limits described in 1903(i)(7) of the Social Security Act. Except as otherwise noted in the plan, state developed fee schedule rates are set at 100% of the Medicare rate and are the same for both governmental and private providers. All rates are published on the Department's website at: <http://www.hsd.state.nm.us/mad/PFeeSchedules.html>
- b. Effective for dates of service on or after December 1, 2009 through October 31, 2010, outpatient hospital radiology technical component services are reimbursed at a fee schedule rate equivalent to the fee schedule rate for non-hospital based radiology facilities. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

The rates were developed by (1) multiplying the cost to charge ratio for each hospital by the billed charges for radiology technical component services to arrive at the approximate cost settled amount paid for each radiology technical

component service; (2) comparing the cost settled amount for each procedure code to the current Medicare APC rates and to the current Medicaid radiology fee schedule for free standing radiology facilities which is set at 101.85% of the Medicare 2006 fee schedule applicable to free standing radiology facilities. The reimbursement levels were arrayed in order of the highest to the lowest. The highest reimbursement level was the cost settled amounts; the lowest level of reimbursement was the Medicare APC rates. The reimbursement level using 101.85% of the Medicare 2006 fee schedule for freestanding radiology facilities was the middle rate. In anticipation of radiology payments being converted to an APC type of reimbursement, the middle rate was adopted as a first step in moving toward APC rates. All rates are published on the Department's website at: <http://www.hsd.state.nm.us/mad/PFeeSchedules.html>

Effective for dates of service on or after November 1, 2010, outpatient hospital radiology technical component services are reimbursed at an outpatient prospective payment system (OPPS) rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. All rates are published on the Department's website at: <http://www.hsd.state.nm.us/mad/PFeeSchedules.html>

- c. Effective for dates of service December 1, 2009 through October 31, 2010, emergency room services are reimbursed at an interim rate based on the provider's most recent cost settlement, subject to retroactive adjustment to allowable and reasonable cost minus 3 percent. The interim outpatient reimbursement rate is 50%.

Effective for dates of service on or after November 1, 2010, outpatient hospital emergency room services are reimbursed at an outpatient prospective payment rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. All rates are published on the Department's website at: <http://www.hsd.state.nm.us/mad/PFeeSchedules.html>

- d. Emergency room services and ancillary services are subject to review prior to payment. Services which are denied as not medically appropriate for diagnosis or treatment of the condition may not be billed to the recipient.

Emergency room services rendered in conjunction with an inpatient admission are included on the claim form with charges for inpatient care. In such cases, emergency room services will be reimbursed in accordance with the inpatient reimbursement methodology.

SUPERSEDES: TM- 92-16

STATE <u>New Mexico</u>	A
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