

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Ms. Julie Weinberg, Acting Division Director
Medical Assistance Division
New Mexico Human Services Department
Post Office Box 2348
Santa Fe, NM 87504-2348

MAY 23 2011

RE: New Mexico 11-04

Dear Ms. Weinberg:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-04. Effective for dates of services on or after April 1, 2011, this amendment ends the current method of paying for out-of-state inpatient hospital services at 70% of billed charges with no follow-up cost settlement and instead pays for such services on a Diagnosis Related Group (DRG) basis, just as is currently done for in-state and border area hospitals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding access to care issues and the funding of the State share of expenditures under Attachment 4.19-A. Based upon your assurances, Medicaid State plan amendment 11-04 is approved effective April 1, 2011. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

Cindy Mann
Director

Center for Medicaid, CHIP, and Survey & Certification

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 11-004	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 April 1, 2011	
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 447.252 1902 (a) (13) and 1923 of the Act 42 CFR 412.105 1886 (d)(5)(B) of the Act		7. FEDERAL BUDGET IMPACT: a. FFY 11 (partial year) (-\$3,085,200) reduction * b. FFY 11 (-\$6,170,400) reduction 12	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A pages 1 and 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A pages 1 and 2	
10. SUBJECT OF AMENDMENT: Methods and Standards for Establishing Payment Rates – Inpatient Hospital Services			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE OFFICIAL:		16. RETURN TO:	
[Redacted Signature]		Julie B. Weinberg, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504	
13. TYPED NAME: Julie B. Weinberg			
14. TITLE: Acting Director, Medical Assistance Division			
15. DATE SUBMITTED: April 20, 2011			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 25 April, 2011		18. DATE APPROVED: 05-23-11	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 April, 2011		20. [Redacted]	
21. TYPED NAME: William Lasowski		22. TITLE: Deputy Director, CMCS	
23. REMARKS:			

METHODS AND STANDARDS FOR ESTABLISHING
PAYMENT RATES – INPATIENT HOSPITAL SERVICES

The New Mexico Title XIX Program reimburses appropriately licensed and certified acute care hospitals for inpatient services as outlined in this plan. Procedures and policies governing state licensure, certification of providers, utilization review, and any other aspect of State regulation of the Title XIX Program not relating to the method of computing payment rates for inpatient services are not affected by this plan.

I. GENERAL REIMBURSEMENT POLICY

The State of New Mexico Human Services Department (hereafter called the Department) will reimburse inpatient hospital services in the following manner:

- A. Covered inpatient services provided to eligible recipients admitted to acute care hospitals and acute care inpatient units will be reimbursed at a prospectively set rate, determined by the methodology set forth in Section III of this plan, unless the hospital or unit is classified into one of the prospective payment system (PPS) exempt categories outlined in subsections C through D below.
- B. Covered inpatient services provided to eligible recipients admitted to acute care hospitals and acute care units within hospitals located in border areas (within 100 miles of the New Mexico border, Mexico excluded) will be reimbursed at a prospectively set rate as described in Section III.C.16 of this plan unless the hospital or unit is classified into one of the prospective payment system (PPS) exempt categories outlined in Subsection C through D below. Out of state hospitals (more than 100 miles from the New Mexico border, Mexico excluded) will be paid at the same rate as border hospitals or at a negotiated rate not to exceed the rate paid by federal programs such as medicare. Negotiation of rates will only be allowed when the department determines that the hospital provides a unique service required by an eligible recipient.
- C. Inpatient services provided in rehabilitation and specialty hospitals and Medicare PPS-exempt distinct part units within hospitals will be reimbursed using the provisions and principle of reimbursement set forth in Public Law 97-248. This legislation, which was effective October 1, 1982, is commonly referred to as TEFRA (Tax Equity and Finance Reduction Act) and is described in Section II of this plan.

STATE <u>New Mexico</u>	A
DATE REC'D <u>04-25-11</u>	
DATE APP'D <u>MAY 28 2011</u>	
DATE EFF <u>04-01-11</u>	
HCFA 179 <u>11-04</u>	
<u>Supersedes 92-09</u>	

Pediatric, psychiatric, substance abuse, and rehabilitation cases treated in non-exempt general acute care hospitals or non-PPS-exempt units will be included in the PPS.

- D. Indian Health Services hospitals will be reimbursed using a per diem rate established by the Federal Government.
- E. New providers entering the Medicaid program will be reimbursed at the peer group median rate for the applicable peer group, until such time as rebasing occurs, unless the hospital meets the criteria for prospective payment exemption as described in subsection C and D above.
- F. All hospitals which meet the criteria in Section IV.A of this plan will be eligible for a disproportionate share adjustment.
- G. Effective for discharges on or after April 1, 1992, and in accordance with Section 4604 of the Omnibus Budget Reconciliation Act (OBRA) of 1990, the Department provides for an outlier adjustment in payment amounts for medically necessary inpatient services involving exceptionally high costs or long lengths of stay for children who have not attained the age of six years in disproportionate share hospitals, and for infants under age one in all hospitals. The outlier adjustment for these cases is described in Section III. F. of this plan.

STATE <u>New Mexico</u>	A
DATE REC'D <u>04-25-11</u>	
DATE APP'D <u>MAY 23 2011</u>	
DATE EFF <u>04-01-11</u>	
HQ:FA 179 <u>11-04</u>	

Supersedes 92-09

Marks, Marsha L. (CMS/SC)

From: Cooley, Mark S. (CMS/CMCS)
Sent: Tuesday, May 24, 2011 12:59 PM
To: Dasheiff, Sandra (CMS/CMCHO)
Cc: Brooks, Bill D. (CMS/CMCHO); Goldstein, Stuart S. (CMS/CMCS); Marks, Marsha L. (CMS/SC)
Subject: Approval package for NM 11-004
Attachments: NM 11-004.pdf

Approval Package for New Mexico 11-004