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**State/Territory Name: New Mexico**

**State Plan Amendment (SPA) #: 14-05**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion letter
- 3) CMS 179 Form/Summary Form
- 4) Approved SPA Page

MVH9SPQDDEPARTMENT OF HEALTH & HUMAN  
SERVICES

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

**NOV 25 2014**

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

RE: New Mexico 14-05

Dear Ms. Weinberg:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-05. The purpose of this amendment is to increase the inpatient hospital fee for service rates for Sole Community hospitals and a State hospital.

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 14-05 is approved effective April 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,



Timothy Hill  
Director

A handwritten signature in black ink, appearing to be "T Hill", is written over the printed name and title of Timothy Hill.

Enclosures



**Division of Medicaid & Children's Health, Region VI**

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November 25, 2014

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

RE: New Mexico Companion letter to TN#14-05

Dear Ms. Weinberg:

This letter is being sent as a companion to our approval of New Mexico State plan amendment (SPA) 14-05 that increased the inpatient hospital fee for service rates for Sole Community hospitals and a State hospital effective April 1, 2014.

Attachment 4.19-A page 6a notes that the rates will be updated annually for inflation, effective October 1 each year, using the methodology in paragraph C.1.

It states the following:

C. Computation of Hospital Prospective Payment Rates

1. Rebasing of Rates

Beginning October 1, 1997, the Department will discontinue the rebasing of rates every three years. Hospital rates in effect October 1, 1996 will be updated every October 1 using the prospective payment system hospital market basket index forecasts published in the HCFA Dallas Regional Medical Services letter issued for the quarter ending in June each year.

For example, the Department will use the Dallas Regional Medical Services letter issued for June 1998 to determine the inflation factor that will be used to update rates October 1, 1998.

Please note that the Dallas Regional has not issued letters for inflation factors for several years. CMS encourages State to utilize the global inflation factor located on Medicaid.gov. The State must update this plan page to reflect current inflation factors. Please resubmit a revised 4.19-A plan page.

The State has 90 days from the date of this letter, to address the issues described above. Failure to respond may result in the initiation of a formal compliance process. During the 90 days, CMS will provide any required technical assistance.



If you have any questions, please contact Tamara Sampson, of my staff, at (214) 767-6431 or by e-mail at [Tamara.Sampson@cms.hhs.gov](mailto:Tamara.Sampson@cms.hhs.gov).

Sincerely,



Bill Brooks  
Associate Regional Administrator  
Division of Medicaid and Children's Health Operations

cc: Ellen Costilla

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 14-05	2. STATE New Mexico
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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, 2014	
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		7. FEDERAL BUDGET IMPACT:  for FFY 2014: \$10,218,971 for FFY 2015 : \$14,287,407	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-A; page 6a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-A, page 6a; supersedes pages 6a (TN 97-07)	
10. SUBJECT OF AMENDMENT: Addition of language regarding the Safety Net Care Program under Computation of Hospital Prospective Payment Rates			
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 REVISIONS DAYS OF SUBMITTAL		X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.	
12. SIGNATURE OF REGIONAL OFFICIAL: 		16. RETURN TO: Julie B. Weinberg, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 - 2348	
13. TYPED NAME: Julie B. Weinberg		17. DATE RECEIVED: 3-24-2014	
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: March 21, 2014; rev. July 8, 2014			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 4-1-2014		18. DATE APPROVED: <b>NOV 25 2014</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
21. TYPED NAME: <i>Kristin FAN</i>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
		22. TITLE: <i>Deputy Director, FMG</i>	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF NEW MEXICO  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –  
INPATIENT HOSPITAL SERVICES

**Attachment 4.19 – A**  
**Page 6a**

- Effective for services on or after October 1, 1997, the rates that were in effect as of October 1, 1996 will be updated.
- Effective April 1, 2014, base rates will be increased for all Safety Net Care Pool (SNCP) qualifying hospitals by 124 percent. Effective July 1, 2014, those rates will decrease to an amount equal to the pre-April 1, 2014 rate times 1.62 (increasing the historical rate by 62 percent). For the University of New Mexico Hospital the rates will be increased by 90 percent and 45 percent, respectively.
- In accordance with the above paragraph, hospital rates will be set as of April 1, 2014 and be effective for services performed on or after that date and until June 30, 2014. Revised rates will be set as of July 1, 2014 and be effective for services performed on or after that date until such time as the State makes future rate amendments. Hospital base rates are published on the agency's website (<http://www.hsd.state.nm.us/providers/fee-schedules.aspx>). Except as otherwise noted in this plan, state developed fee schedule rates are the same for both governmental and private providers of hospital inpatient services.
- No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.
- The rates will be updated annually for inflation, effective October 1 each year, using the methodology in paragraph C.1.
- Cost reporting periods ending in 1993 are used as the base year for the rates in effect as of October 1, 1996. The October 1, 1996 base year cost per discharge was determined from Title XIX discharges from audited or desk reviewed cost reports for reporting periods ending in calendar year 1993 and inflated forward to the midpoint of the federal fiscal year 1997 using the update factors specified in III.C.8 – as described in paragraphs C.2.b. through C.13. below.  
The operating cost per discharge and the excludable cost per discharge as of October 1, 1996 will be combined into one base year cost per discharge. The combined base year cost per discharge will be updated for inflation using the update factor in paragraph C.1.
- The excludable cost per discharge will be handled in the same manner as described in III.E.
- The methodology described in paragraphs C.2.b. through C.13 below represent the methodology in effect prior to October 1, 1997 and is retained intact in the state plan solely to document how the rates in effect as of October 1, 1997 were determined.

State: New Mexico
Date Received: March 24, 2014
Date Approved:
Date Effective: April 1, 2014
Transmittal Number: 14-05

TN No. 14-05

Supersedes TN No. 97-07

Approval Date NOV 25 2014

Effective Date 4-1-2014