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State/Territory Name: New Mexico

State Plan Amendment (SPA) #: 16-0007

This file contains the following documents in the order listed:

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- 2) CMS 179 Form
- 3) Approved Page(s)

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Dallas Regional Office
1301 Young Street, Suite 833
Dallas, Texas 75202



DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI

February 13, 2017

Our Reference: SPA NM 16-007

Ms. Nancy Smith-Leslie, Director
Medical Assistance Division
New Mexico Department of Human Services
P.O. Box 2348
Santa Fe, New Mexico 87504

Dear Ms. Smith-Leslie,

Enclosed is a copy of approved New Mexico State Plan Amendment (SPA) No. 16-0007, with an effective date of July 1, 2016. This amendment was submitted to implement a two percent rate reduction for dental services.

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 (the Act) and the implementing Federal regulations at 42 CFR 447 Subpart C.

Because the proposed SPA would reduce or restructure provider payment rates, New Mexico is required to provide documentation in support of its determination that the payments are consistent with efficiency, economy and quality of care and sufficient to enlist enough providers so that services under the plan are available to beneficiaries at least to the extent that these services are available to the general population, as established in Section 1902(a)(30)(A) of the Act and codified in 42 CFR 447.203(b)(6) and 42 CFR 447.204. To demonstrate compliance with these requirements, the state submitted the following to the Centers for Medicare & Medicaid Services (CMS) with the proposed SPA:

1. With respect to the public process requirements at 42 CFR 447.204(a)(2), New Mexico provided documentation to show that the state considered input from beneficiaries, providers and other affected stakeholders on beneficiary access to the affected services, and the impact of the proposed rate change. The notice of rate reductions and request for public comment was published in both the Albuquerque Journal and the Las Cruces Sun News on April 30, 2016. The state notified Medicaid providers of the proposed payment reductions and requested public comment in a Medical Assistance Program Manual Supplement sent on April 29, 2016. The state created a dedicated website and email address for accepting comments on the proposed rate reductions. The state mailed a letter on April 28, 2016, to tribal leadership, Indian Health service (IHS), and tribal health providers notifying them about the proposed reductions and

requesting their comments. Additionally, the New Mexico Human Services Department (HSD) held an open forum and comment period concerning the proposed reductions during the May 9, 2016, Medical Advisory Committee (MAC) meeting; and conducted an in-person tribal consultation on June 6, 2016, in response to requests from tribal leadership. To allow for additional time to comment after the tribal consultation, HSD extended the tribal comment timeframe to June 15, 2016. The State received numerous comments from providers, tribal representatives, and the public. All comments were given consideration and HSD made revisions to the originally proposed reductions in response to concerns that were expressed during the comment period.

2. With respect to requirements at 42 CFR 447.204(b), New Mexico submitted an analysis of the effect of the change in payment rates on access, and an analysis of the information and concerns expressed through stakeholder input. The impact of this reimbursement change applies only to Medicaid fee-for-service (FFS) payments. Given the extensive work that HSD did to engage providers through the MAC subcommittee and given that the dental reduction was agreed upon by the dentist representatives on that subcommittee, a negative impact on recipient access to providers as a result of these reductions is not expected.
3. The state established procedures to monitor continued access to care after implementation of these rate reductions, consistent with 42 CFR 447.203(b)(6). The state established baseline data and thresholds against which analyses can be performed to monitor FFS recipient access. Additionally, HSD is including access as a standing agenda topic in its bi-weekly discussions with Indian Health Service (IHS) and tribal health care facilities. Access is also a regular agenda item for the state's Native American Technical Advisory Committee.

The impact of this reimbursement change applies only to Medicaid FFS payments. In New Mexico, most Medicaid recipients (approximately 90 percent) are enrolled in the Centennial Care managed care program and 99 percent of FFS recipients in New Mexico are Native American. Rates paid to IHS and tribal facilities are not being reduced; therefore, the impact on beneficiary utilization is projected to be minimal.

4. The state also demonstrated that it has ongoing mechanisms for beneficiary and provider input on access to care. The HSD maintains a Medicaid call center and website that recipients and providers can use to express concerns about access and a complaint and grievance tracking system is maintained to insure that concerns are addressed. Such concerns can also be raised by IHS or tribal facilities during regularly scheduled bi-weekly calls with HSD.

CMS is approving this SPA as the state has reasonably substantiated its conclusion that access for these services is sufficient through a process consistent with the requirements of 42 CFR 447.203 and conducted the public process and notice described in 42 CFR 447.204 and 42 CFR 447.205. Consistent with the aforementioned regulations, the state has committed to monitoring access and CMS will be periodically contacting the state to understand how the state's monitoring activities are progressing. If access deficiencies are identified, the state will submit a corrective action plan within 90 days of identification.

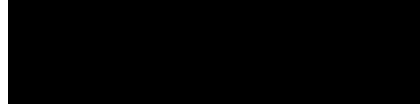
This letter affirms that the New Mexico Medicaid state plan amendment 16-007 is approved effective July 1, 2016 as requested by the state.

We are enclosing the HCFA-179 and the following amended plan page.

- Attachment 4.19-B, Page 1
- Attachment 4.19-B, Page 2a (new)

If you have any questions please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by e-mail at Ford.Blunt@cms.hhs.gov.

Sincerely,



Bill Brooks
Associate Regional Administrator

cc: Jennifer Mondragon

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|---|--|---|------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | | 16-007 | 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 July 1, 2016 | |
| 5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <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 (<i>Separate Transmittal for each amendment</i>) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart F | | 7. FEDERAL BUDGET IMPACT: for FFY 2016: (-\$ 194,0666) – a reduction for FFY 2017: (-\$ 776,262) – a reduction | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19B page 1 Attachment 4.19B page 2a (new) | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19B page 1 | |
| 10. SUBJECT OF AMENDMENT: Dental Reimbursement - changing the effective date that dental rates were established to reflect a 2% reduction to current rates as described in the public notice (attached as part of the SPA packet) | | | |
| 11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT X OTHER, AS SPECIFIED: Authority <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Delegated to the Medicaid Director. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE: [REDACTED] | | 16. RETURN TO: Nancy Smith-Leslie, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 – 2348 | |
| 13. TYPED NAME: Nancy Smith-Leslie | | | |
| 14. TITLE: Director, Medical Assistance Division | | | |
| 15. DATE SUBMITTED: June 30, 2016, rev 11/22/2016 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: June 30, 2016 | | 18. DATE APPROVED: February 13, 2017 | |
| PLAN APPROVED – ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2016 | | 20. SIGNATURE: [REDACTED] | |
| 21. TYPED NAME: Bill Brooks | | 22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health | |
| 23. REMARKS: | | | |

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE OF NEW MEXICO

STANDARDS FOR ESTABLISHING PAYMENT RATES

--OTHER TYPES OF CARE

State: New Mexico
Date Received: 06-30-2016
Date Approved: 02-13-17
Date Effective 07-01-2016
Transmittal Number: NM 16-0007

Attachment 4.19B

Page 1

I. Fee Schedule Pricing for Professional Services

Except as otherwise provided in this state plan, payment to providers on a fee for service basis is limited to the lesser of the actual charge or the fee schedule established by the Department.

There is no differentiation between governmental and non-governmental providers with regard to reimbursement for the same services. The fees are available in a published fee schedule, except as otherwise indicated.

A group practice or other legal entity including a licensed treatment and diagnostic center is reimbursed at the rate payable to the individual performing physician or provider.

Reimbursement for physician services furnished in institutional settings that are also ordinarily furnished in a physician's office is determined by using the Department's fee schedule for each professional service and multiplying the allowed amount by .60.

This reimbursement methodology is applicable only to a practitioner's professional services in settings for which Medicare reduces the practitioner's payment to a facility based rate.

Payment for the professional component of a radiology service performed in an inpatient, outpatient or office setting will not exceed 40 percent of the allowed amount payable for the complete procedure in an office setting. Nuclear medicine, radiation oncology, CT scans, and arteriogram are excluded from this limitation.

Supplemental Payments will be made in addition to payments otherwise provided under the state plan to physicians, dentists and mental health professionals who qualify for such payments under the criteria outlined below in part (a) of this section. The payment methodology for establishing and making the supplemental payments is provided below in parts (b) and (c) of this section. The average commercial rate is updated quarterly.

- a. To qualify for a supplemental payment under this section, the provider must meet the following criteria.
 - i. Be a licensed physician, dentist or mental health professional enrolled in the New Mexico Medicaid program; and
 - ii. Be a member of a practice plan under contract to provide professional services at a state-owned academic medical center as determined by the Department.
- b. For providers qualifying under part (a) of this section, a quarterly supplemental payment will be made equal to the difference between Medicaid payments otherwise made to these providers and the average rate paid for the services by commercial insurers.

TN No. 16-0007

Supersedes TN No. 12-06B

Approval Date 02-13-2017

Effective Date 07-01-2016

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW MEXICO
AND STANDARDS FOR ESTABLISHING PAYMENT RATES
--OTHER TYPES OF CARE

Attachment 4.19-B

Page 2a

The agency's dental fee schedule rates were set as of July 1, 2016, and are effective for services provided on or after that date. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

State: New Mexico
Date Received: 06-30-2016
Date Approved: 02-13-17
Date Effective 07-01-2016
Transmittal Number: NM 16-0007

TN No. 16-0007

Supersedes TN No. None - New Page

Approval Date 02-13-2017

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