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State/Territory Name: New Mexico

State Plan Amendment (SPA) #: 23-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS Form 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

September 12, 2024

Dana Flannery
Director
Medical Assistance Division
New Mexico Human Services Department
2025 South Pacheco Drive
Santa Fe, New Mexico 87504-2348

Re: New Mexico State Plan Amendment (SPA) – 23-0014

Dear Director Flannery:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 23-0014. This amendment proposes to establish Medicaid reimbursement for Rural Emergency Hospitals under the clinic benefit.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations 42 FR 447. This letter informs you that New Mexico's Medicaid SPA TN 23-0014 was approved on September 12, 2024, with an effective date of December 1, 2023.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the New Mexico State Plan.

If you have any questions, please contact Dana Brown at (410) 786-0421 or via email at Dana.Brown@cms.hhs.gov.

Sincerely,

James G. Scott, Director
Division of Program Operations

Enclosures

cc: Valerie.Tapia@hca.nm.gov
Dana.Flannery@hca.nm.gov

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 1 4

2. STATE

NM

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

December 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

42 FR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 2,562
b. FFY 2025 \$ 2,516

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

State Supplement A to Attachment 3.1 A Item 9
Attachment 4.19 B page 6
Attachment 4.19 B page 6.1 (new)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

State Supplement A to Attachment 3.1 A (TN ~~91-11~~04-08)*
Attachment 4.19 B page 6 (TN No 19-0013)
Attachment 4.19 B page 6.1 (new)

9. SUBJECT OF AMENDMENT

This State Plan Amendment establishes Medicaid reimbursement for Rural Emergency Hospitals.

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Lorelei Kellogg

13. TITLE
Acting Director, Medical Assistance Division

14. DATE SUBMITTED
12/27/2023

15. RETURN TO

Lorelei Kellogg, Acting Director
Medical Assistance Division
P.O Box 2348
Santa Fe, NM 87504

FOR CMS USE ONLY

16. DATE RECEIVED
December 27, 2023

17. DATE APPROVED
September 12, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
December 1, 2023

20. TYPED NAME OF APPROVING OFFICIAL
James G. Scott

21. TITLE OF APPROVING OFFICIAL
Director, Division of Program Operations

22. REMARKS

* State authorized pen & ink change in box 8 on September 12, 2024.

State Supplement A to Attachment 3.1 A

Item 9 Clinical Benefit/Services

- a. Limitations for physicians, item 5, also apply to clinics.
- b. Ambulatory surgical center facility services are covered when all the following conditions are met:
 1. The surgical procedure and use of the facility is medically necessary and is a benefit of the program.
 2. All program requirements for the surgery are met by the physician such as valid consent forms, prior approval requirements, etc.
- c. Dialysis Services
 1. The New Mexico Medicaid Program will cover services for renal dialysis for the first three months of dialysis if not covered by Medicare pending the establishment of Medicare eligibility.
 2. The New Mexico Medicaid Program will cover fifteen sessions of dialysis training sessions without special medical justification. Additional sessions require medical justification to be attached to the claim.
- d. Rural Emergency Hospital (REH) Services as certified by Medicare:
 - Emergency Department Services and
 - Observation Care.

Attachment 4.19 B Page 6

Outpatient Hospital Services and Other Outpatient Prospective Payment System (OPPS).

For outpatient hospital services (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 system (OPPS) rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles.

Effective for dates of service beginning July 1, 2016, the OPPS rates are reduced by 3%. Effective for dates of service beginning July 1, 2019, the OPPS rates are increased by 25 percent for Safety Net Care Pool (SNCP) hospitals; 10 percent for the University of New Mexico Hospital; and 18 percent for all other in-state hospitals. Effective July 1, 2023, the OPPS rates are increased by 20% for Underserved Hospitals, 12% for Rural hospitals, 6% for Urban hospitals, and 4% for the University of New Mexico Hospital. Except as otherwise noted in the state plan both governmental and private providers are paid the same. All rates are published on the on the New Mexico Medicaid website.

Notice of changes to rates will be made as required by 42 CFR 447.205.

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 prior to February 1, for 2012, and reduced by 3% effective July 1, 2016. Effective July 1, 2019, the rate will be increased based on the paragraph above. For Critical Access Hospitals that are also SNCP hospitals, the rate will be increased by 25%. For all other Critical Access Hospitals, the rate will be increased by 18%.

TN No. NM-23-0014
Supersedes 19-0013

Approval Date 9/12/2024
Effective Date 12/01/2023

Attachment 4.19 B Page 6.1

Rural Emergency Hospital (REH) Clinic Services

Rural Emergency Hospitals licensed in the state of New Mexico will be reimbursed for clinic services utilizing the same fee schedule in place for hospitals in the state multiplied by a facility specific rate that will approximate cost. The initial facility specific rate will be calculated when the facility becomes a licensed Rural Emergency Hospital (REH) and re-calculated using the most recently settled cost report on July 1, 2026. All REH rates will be re-calculated every three years thereafter using the most recently settled cost report prior to each calculation.

Existing facilities that change their provider certification to become a REH will have the facility specific rate calculated by utilizing the most recently settled cost report.

Medicaid clinic payments from the fee-for-service paid claims summary for the cost report period will be compared to calculated costs from outpatient Medicaid services presented on the cost report to determine the factor necessary to bring the payments in line with calculated costs.

Calculation of the facility specific rate is as follows:

$$\text{NCR} = \text{C} / \text{SP}$$

$$\text{SP} = \text{P} / \text{CCR}$$

NCR: New Clinic Rate (facility specific rate)

C: Allowable REH service costs per the cost report, worksheet D Part V

SP: Standardized payments

P: Payments from FFS paid claims summary

CCR: Clinic Rate in effect on paid claims summary

New providers entering the program as a Rural Emergency Hospital that do not have previous cost report submissions will receive the median of current Rural Emergency Hospital Facility Specific Rates. After the first cost report is submitted and reviewed for a new REH, the interim rate will be replaced with a rate calculated from the reviewed cost report at the beginning of the state fiscal year. The calculation will be consistent with the methodology outlined above. Claims paid under the interim rate will not be re-adjudicated with the updated facility rate (the new rate will be prospective from the beginning of the state fiscal year).

In no case can the reimbursement for REH clinic services exceed reasonable cost as defined under Medicare Title XVIII. The maximum aggregate payment is below 100 percent of the Medicare rates.

When service coverage/reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are utilized. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of RHE services as described in Attachment 3.1-A. The current New Mexico Medicaid fee schedule, available on the New Mexico Medicaid website, is updated to conform to Medicare OPPS and is effective for dates of service on or after July 1, 2023. REH clinic services will be determined by the Medicaid clinic Upper Payment Limit (UPL) demonstration. Services will not exceed clinic UPL aggregate.

TN No. NM-23-0014
Supersedes NEW

Approval Date 9/12/2024
Effective Date 12/01/2023