# Table of Contents

**State/Territory Name: New Mexico**

**State Plan Amendment (SPA) #: 24-0009**

This file contains the following documents in the order listed:

**DEPARTMENT OF HEALTH & HUMAN SERVICES**
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850

**Financial Management Group**

September 18, 2025

Dana Flannery
Director
Medical Assistance Division
New Mexico Human Services Department
P.O. Box 2348
Santa Fe, NM 87504-2348

RE: TN 24-0009

Dear Director Flannery:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed New Mexico state plan amendment (SPA) to Attachment 4.19-B and 4.19-D NM 24-0009, which was submitted to CMS on December 16, 2024. This plan amendment updates the rates for non-institutional outpatient services, maternal and child health services, primary care, behavioral health services, and other services and adds a supplemental payment for institutional services for intermediate care facilities.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Diana Dinh at Diana.Dinh@cms.hhs.gov or Monica Neiman at Monica.Neiman@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

**FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER: 24-0009

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: 01/01/2025

5. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 25 $ 26,646,592
b. FFY 26 $ 38,681,025

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Please see attached bond paper.

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Please see attached bond paper.

9. SUBJECT OF AMENDMENT
The New Mexico Health Care Authority (HCA) is implementing specific provider reimbursement rate increases as part of Governor Lujan Grisham's focus on health care and as a critical step in strengthening the state's partnership with providers who deliver care and services to Medicaid patients.

*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
[redacted]

12. TYPED NAME
Dana Flannery

13. TITLE
Director, Medical Assistance Division

14. DATE SUBMITTED
12/16/2024

15. RETURN TO
Dana Flannery
Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

***FOR CMS USE ONLY***

16. DATE RECEIVED
December 16, 2024

17. DATE APPROVED
September 18, 2025

***PLAN APPROVED - ONE COPY ATTACHED***

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS



***Instructions on Back***

Addition to CMS 179

| 7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT | 8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)* |
|---|---|
| Attachment 4.19 B Page 2-2a | Attachment 4.19 B Page 2-2a (23-0012) |
| Attachment 4.19 B Page 3 | Attachment 4.19 B Page 3 (23-0012) |
| Attachment 4.19 B Page 3a-3a.1 | Attachment 4.19 B Page 3a-3a.1 (24-0004) |
| Attachment 4.19 B Page 3b | Attachment 4.19 B Page 3b (23-0012) |
| Attachment 4.19 B Page 6aaa | Attachment 4.19 B Page 6aaa (23-0012) |
| Attachment 4.19 B Page 6c | Attachment 4.19 B Page 6c (24-0001) |
| Attachment 4.19 B Page 6d-6e | Attachment 4.19 B Page 6d-6e (23-0012) |
| Attachment 4.19 B Page 7 | Attachment 4.19 B Page 7 (23-0012) |
| Attachment 4.19 B Page 15 | Attachment 4.19 B Page 15 (23-0012) |
| Attachment 4.19 B Page 17-18 | Attachment 4.19 B Page 17-19 (92-11) |
| Attachment 4.19 B Page 23e | Attachment 4.19 B Page 23e (12-06(A)) |
| Attachment 4.19 D Page 21 | New Page |

The average commercial rates are determined by:

i. Calculating a commercial payment to charge ratio for all services paid to the eligible providers by commercial insurers using the providers' claims-specific data from the most currently available fiscal year period.
ii. Multiplying the Medicaid charges by the commercial payment to charge ratio to establish the estimated commercial payments to be made for these services; and
iii. Subtracting interim Medicaid payments already made for these services to establish the supplemental payment amount.

a. Providers eligible under Part (a) of this section will be paid on an interim claims-specific basis through the Department's claims processing system using the methodology outlined elsewhere in this state plan. The supplemental payment, which represents final payment for services, will be made on a quarterly basis subject to available claims data.

**A. Medical and Dental Services**

Medical and dental services are reimbursed on a fee schedule basis and include physicians, dentists, radiologists and radiological facilities, licensed treatment and diagnostic centers and family planning clinics, podiatrists, optometrists, certified nurse midwives and certified nurse practitioners working under the direction of a physician.

Preventative services provided to alternative benefit plan recipients not otherwise covered under standard Medicaid benefits are also reimbursed using this methodology including annual preventative care physicals, expanded nutritional and dietary counseling, and expanded skin cancer and tobacco use counseling. Electroconvulsive therapy services provided to alternative benefit plan recipients not otherwise covered under standard Medicaid benefits are paid at the Medicare fee schedule rate.

Services rendered under the supervision of one of the above providers are paid at the fee schedule rate for the supervising provider when the service is performed by one of the following: a dietician; clinical pharmacist; physician assistant; dental hygienist; nurse; certified nurse practitioner; or clinical nurse specialist.

Except as otherwise noted in the State Plan, state developed fee schedule rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice changes to rates will be made as required by 42 CFR 447.205.

Except as otherwise noted in the State Plan, state developed fee schedule rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

**A. Other Practitioners Services**

1. Consistent with provision of section 1905(a)(13) of the Act and in accordance with Medicaid approved fee for service benefits behavioral health professional services are reimbursed on a fee schedule basis applicable to psychologists, counselors, therapists, licensed alcohol and drug abuse counselors, behavioral health agencies, licensed independent social workers and psychiatrist clinical nurse specialists.

   Except as otherwise noted in the state plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes will be made as required by 42 CFR 447.205.

   Non-independent behavioral health practitioners who are required by state law to be supervised are not paid directly for their services. Rather, payment is made to the supervising practitioner, or the appropriate group, licensed treatment and diagnostic center or agency to which the behavioral health worker belongs.

2. Independently practicing certified Nurse Practitioners and Clinical Nurse Specialists are reimbursed at 100% of the physician fee schedule as described in Item I. A of Attachment 4.19 B, including preventative services for alternative benefit plan recipients.

   Except as otherwise noted in the state plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

3. Certified nurse anesthetists and anesthesiology assistants are reimbursed a rate per anesthesia unit for the procedure and for units of time medically directed and non-medically directed services.

   Except as otherwise noted in the state plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

4. Licensed Midwives (Lay Midwives): Payments to licensed midwives are reimbursed at 100% of the physician fee schedule as described in Item I. A of Attachment 4.19 B for global delivery codes.

   The fee schedule, set as of January 1, 2025, is effective for services provided on or after those dates. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205. Reimbursement for governmental and non-governmental providers are paid the same, uniform rate unless otherwise noted on the payment pages.

5. Chiropractic Services: Effective October 1, 2024, chiropractic services are covered for all individuals Pursuant to 440.60(b), chiropractor services are provided by a licensed chiropractor and consist of treatment by means of manual manipulation of the spine that the chiropractor is legally authorized by the State to perform. Payments to New Mexico chiropractic licensed providers are reimbursed at 100% of the physician fee schedule with an annual benefit limit of $2,000. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. (ex. case management for persons with chronic mental illness). The agency's fee schedule rate was set as of October 1, 2024 and is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

6. Doula Services: Effective October 1, 2024, Doula services are covered for all individuals navigating pregnancy related care before, during, and after a pregnancy or childbirth.

   Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of (ex. case management for persons with chronic mental illness). The agency's fee schedule rate was set as of October 1, 2024, and is effective for services provided on or after that date.

   All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

7. Lactation Provider Services: Effective October 1, 2024, Lactation Provider services are covered for all individuals who need access to education and management to prevent and solve breastfeeding problems and encourage support to breastfeeding mother–infant.

   Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of (ex. case management for persons with chronic mental illness). The agency's fee schedule rate was set as of October 1, 2024, and is effective for services provided on or after that date.

   All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

**C. Other Services**

1. **Ambulatory Surgical Centers Services** – Free standing ambulatory surgical centers are paid at the Medicare fee schedule. For procedures not covered by Medicare, the Department establishes a fee schedule amount equivalent to the amount allowed for procedure of similar complexity.

   The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

2. **Renal Dialysis Facilities** – Renal dialysis facilities are paid at the Medicare fee schedule. For procedures not covered by Medicare, the Department establishes a fee schedule amount equivalent to the amount allowed for procedure of similar complexity.

   The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

3. **Licensed Birth Centers** – Licensed birth centers are paid at the Medicaid fee schedule. The agency's fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

**D. Physical Therapy, Occupational Therapy and services for Individuals with Speech, Hearing, and Language Disorders**

1. Physical therapy, occupation therapy, and speech and language pathology services (including audiologists) are reimbursed on a fee schedule basis. Habilitation services for ABP recipients are also reimbursed using this methodology.

   The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates to the fee schedule are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

2. Physical therapy, occupational therapy and speech and language pathology services provided by a therapy assistant are reimbursed on a fee schedule basis. Habilitation services for ABP recipients are also reimbursed using this methodology.

   The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates to the fee schedule are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rate will be made as required by 42 CFR 447.205.

e. Outpatient hospital dental services provided to recipients under anesthesia are reimbursed at an outpatient prospective payment rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles at an amount which does not exceed federal upper payment limits. Except as otherwise noted in the State Plan, the state developed rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

VI. **Clinical Diagnostic Lab Services**

Laboratory services are covered under the laboratory benefit. Payment for clinical diagnostic laboratory services does not exceed payment levels specified by Section 1903(i) of the Social Security Act which is the Medicare fee schedule on a per test basis.

All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/.

The fee schedule is established by the state agency with consideration given to payment practices of Medicare, other third-party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients.

These fees, set as of January 1, 2025, are effective for services provided on or after that date.
Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

1. **Biomarker:** In accordance with approved Biomarker testing coverage, Biomarker testing will be reimbursed in accordance with the Medicare fee schedule published each year under the Medicare regulations. Where there is not a Medicare fee schedule amount the fee schedule is established by the state agency with consideration given to payment practices of other third-party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The agency's fee schedule rate was set as of January 5, 2024, and is effective for services provided on or after that date.

   All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/.
   Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

VII. **Prescribed dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist:**

(1) Dentures

Dentures are covered under the service benefit if "Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses Prescribed by a Physician Skilled in Diseases of the Eye or by an Optometrist". Payment for dentures is made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

The Medicaid fee schedule is established by the state agency with consideration given to payment practices of other third-party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items and/or the usual charges of the providers for services to non-Medicaid patients.

The fee schedule, set as of January 1, 2025, are effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

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(2) Prosthetic and Orthotic Devices

Prosthetic devices and orthotics are covered under the service benefit of "Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses Prescribed by a Physician Skilled in Diseases of the Eye or by an Optometrist."

Payment for prosthetic devices is made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

Payment for orthotics (which are supportive prosthetic devices as described in CFR 440.120(c)), is made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

The fee schedule is established by the state agency with consideration given to payment practices of Medicare, other third party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients.

These fee schedule, set as of January 1, 2025, is effective for services provided on or after that date.

All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

(3) Medical Supplies, Oxygen, Durable Medical Equipment, Parenteral and Enteral Nutritional Products Suitable for Use in the Home

Medical Supplies, Oxygen, Durable Medical Equipment, Parenteral and Enteral Nutritional Products are covered under the home health agency benefit for recipient use in their residence. Payment for these items is made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

For items of DME provided in Medicare Competitive Bidding Areas (CBAs) where rates for specific items have been competitively bid under the Medicare program, the rate is set at the lower of the following:

1. The Medicare single payment amount specific to the geographic area where the item is being provided, that are in effect as of January 1 each year, and updated on a quarterly basis (April 1, July 1, October 1) as needed; or
2. The non-rural and rural DMEPOS fee schedule rate.

If there is no competitively bid payment rate for an item of DME in a CBA, reimbursement for DME provided in non-rural areas is set at the Medicare DMEPOS fee schedule rate for New Mexico geographic, non-rural areas that are in effect as of January 1 each year.

For items of DME provided in rural areas, the rate is set at the Medicare DMEPOS fee schedule rate for New Mexico geographic, rural areas, set as of January 1 each year.

For items and services for which there is not a Medicare fee schedule amount, the fee schedule is established by the state agency with consideration given to payment practices of other third party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients.

Except as otherwise noted in the State Plan, state developed fee schedule rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/.

Changes to the fee schedule are made with public notice, following the requirement of 42 CFR 447.205.

When there is no applicable fee schedule, payment is limited to the provider's acquisition invoice cost plus a percentage. For durable medical equipment, medical supplies and nutritional products for which the provider's actual acquisition cost, reflecting all discounts and rebates, is less than $1,000 dollars, payment is limited to the provider's actual acquisition cost plus 20 percent. For items for which the provider's actual acquisition cost, reflecting all discounts and rebates, is $1,000 or greater, payment is limited to the provider's actual acquisition cost plus 10 percent. For custom specialized wheelchairs and their customized related accessories, payment is limited to the provider's actual cost plus 15 percent.

(4) Eyeglasses and vision appliances

Eyeglasses and vision appliances are covered under the service benefit of "Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses Prescribed by a Physician Skilled in Diseases of the Eye or by an Optometrist." Payment for eyeglasses and vision appliances are made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

The fee schedule is established by the state agency with consideration given to payment practices of Medicare, other third-party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients.

The fee schedule, set as of January 1, 2025, is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

Item XII. Transportation

Transportation providers are reimbursed at the lesser of the following:

a. their usual and customary charge, not to exceed their tariff rates as approved by the state corporation commission; or

b. the Department fee schedule.

The fee schedule base rate for ground ambulance includes reimbursement for the initial fifteen (15) miles of transport, non-reusable supplies, IV solution, emergency drugs and oxygen.

Except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

Item XIII. Services for EPSDT Participants

a. Services Included in the State Plan

Services included in the state plan are described in Attachment 3.1-A. Payment for these services for treating a condition identified during a screen or partial screen is made using the same methodology described in the corresponding section of the state plan.

b. Services Not Otherwise Included in the State Plan

Payment for services described in Attachment 3.1-A, Item 4.b. (EPSDT) and not otherwise covered under the state plan but reimbursed pursuant to OBRA 1989 provisions which require the state to treat a condition identified using a screen or partial screen, whether or not the service is included in the state plan, is made as follows:

1. The following services are considered to be professional services and are reimbursed on a fee for service basis according to the fee schedule in attachment 4.19-B, I.

(a) Therapy by speech-language therapist, physical therapist, or occupational therapist, not covered under the state plan

(b) Other rehabilitative services and therapy services not covered under the state plan because they are considered maintenance rather than restorative.

**7. Psychosocial Rehabilitation**

Reimbursement methodology for Psychosocial Rehabilitation services is determined by the setting/service. A multidisciplinary team establishes the level of need for each individual based upon acuity. Services provided are dependent upon the acuity level established. In residential settings, reimbursement is a daily rate based upon the acuity level. For non-residential services, the rate may be either hourly or daily, depending upon the services but does not differentiate by acuity level.

For all psychosocial rehabilitation services, provider cost information was analyzed in detail and total cost of service separated into categories associated with that service. To determine the percentage of total cost of service for each category, a range of percentages was derived from costs obtained from each provider and finally a weighted average applied.

Payment for **Residential Treatment Centers and Group Homes** are paid based upon Medicaid rates established by the State of New Mexico.

Except as otherwise noted in the State Plan, the State-developed rates are the same for both governmental and private providers. The provider rates, set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Rates follow cost principles for allowed direct and indirect costs as identified in 2 CFR 200 and described below.

The rate development methodology composed of provider cost modeling, through New Mexico provider compensation studies and cost data. Rates from similar State Medicaid programs were considered, as well. The following list outlines the major components of the cost model used in rate development.

- Staffing assumptions and staff wages.
- Employee-related expenses-benefits, employer taxes (e.g. Federal Insurance Contributions Act (FICA), unemployment, and workers compensation).
- Program-related expenses (e.g., supplies).
- Provider overhead expenses.
- Program billable units.

These rates will be developed as the ratio of total annual modeled provider costs to the estimated annual billable units.

Payment for **Treatment Foster Care** and **Behavioral Management** services was derived from a model based on the resources required to meet the standards of the Department and in accordance with Federal requirement payment methodology and approved cost principles that follow 2 CFR part 200. This model was developed by the state in conjunction with a national consulting firm under contract to the Department. Rate setting decisions were made based upon the results of the consulting firm's reimbursement methodology study presented to the Department in May 1994. Rates do not duplicate costs reimbursed through foster care funds authorized by Title IVE of the Social Security Act. Periodic rate studies will be performed to determined appropriateness of reimbursement rates. The rate studies will be used to adjust provider rates, as found necessary, beginning in federal fiscal year 1997. Except as otherwise noted in the state plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule set as of January 1, 2025 is effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes will be made as required by 42 CFR 447.205.

**Treatment Foster Care.** Provider cost information was analyzed in detail and total cost of service was separated into the following categories.

1. **Medication Assisted Treatment (MAT) Reimbursement:**
   Reimbursement for dispensing or administering methadone or other narcotic replacement or opioid agonist drug items is paid in accordance with the New Mexico Medicaid Fee Schedule. Included in this rate is the administration or dispensing of the drug item, the cost of methadone, development of a treatment plan and recipient assessment performed within the facility, drug and HIV testing, and counseling as required by 42 CFR part 8, *Certification of Opioid Treatment Programs*. Drug items other than methadone may be billed and reimbursed separately and are paid at the Medicaid fee schedule rate.

   Except as otherwise noted in the State Plan, the State-developed rates are the same for both governmental and private providers. The provider rates set as of January 1, 2025, are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website https://www.hca.nm.gov/providers/fee-schedules/. Notice of changes to rates will be made as required by 42 CFR 447.205.

   The initial medical examination and additional medical services rendered by a practitioner, laboratory services performed at outside laboratories, and counseling services beyond the minimum service required by 42 CFR part 8, are reimbursed separately when the services and the provider of the services meet the requirements specified in other sections of the state plan.

XI. UPL Payment

Annually and no later than June 1, eligible ICF/IID facilities will receive a lump sum payment based on their available Upper Payment Limit (UPL) room. Payments will be made prior to the completion of the State Fiscal Year and included in the UPL demonstration submitted to CMS annually. The demonstration will utilize cost reports from the proceeding state fiscal year. **The total amount of the payments will not exceed Upper Payment Limit (UPL) room and will only be paid to classes of providers that do not exceed UPL limits.** If the UPL gap in the demonstration exceeds the available budget, all eligible providers will receive pro-rata portion of the available funds based on their demonstrated UPL.

Calculation of ICF-IID Annual Supplemental Payment:

1. Separate facilities into three ownership groups:
    a. Privately Owned
    b. Non-State Government Owned
    c. State Owned
2. Only ownership classes in the annual Upper Payment Limit demonstration that have Medicaid payments less than estimate Medicare payments are eligible for the payment
3. Providers classed in ownership groups that meet criteria 2 above are eligible for the supplemental payments if the provider has Medicaid payments less than the estimated Medicare payments
4. The provider payment calculation is completed as follows: AP = (F x (F / U)) x G
    a. Where: AP = Annual Payment
    b. F = Facility UPL
    c. U = All eligible Facility UPLs in the ownership group
    d. G = UPL for the ownership group