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State/Territory Name: NM

State Plan Amendment (SPA) 24-0015

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

April 22, 2025

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

RE: TN 24-0015

Dear Dana Flannery,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed New Mexico state plan amendment (SPA) to Attachment 4.19-B 24-0015, which was submitted to CMS on March 6, 2025. This plan amendment proposes to move away from cost-based reimbursement for Accredited Residential Treatment Centers for Adults with Substance Use Disorders (AARTCs) services and instead proposes a prospective fee schedule system.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 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 Monica Neiman at 214-767-4456 or via email at monica.neiman@cms.hhs.gov

Sincerely,

[Redacted Signature]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 5

2. STATE

N M3. 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; 1902 (a)(30) of the Social Security Act and 1905
(a) (13)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 25 \$ 388,416b. FFY 26 \$ 517,743

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19 B Page 3aa

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19 B Page 3aa (TN: 23-0006)

9. SUBJECT OF AMENDMENT

NM HCA is proposing to move away from cost-based reimbursement for AARTCs to a prospective fee schedule rate. This rate is developed based on analysis of facility cost report data and is based on a weighted average.

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:

Authority Delegated to the Medicaid Director

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME

Dana Flannery

13. TITLE

Director, Medical Assistance Division

14. DATE SUBMITTED

03/06/2025

15. RETURN TO

Medical Assistance Division
PO Box 2348
Santa Fe, NM 87504-2348**FOR CMS USE ONLY**

16. DATE RECEIVED

March 6, 2025

17. DATE APPROVED

April 22, 2025

PLAN APPROVED - O

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL



20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

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

Attachment 4.19 – B Page 3aa

4. **Accredited Residential Treatment Centers for Adults with Substance Use Disorders** Reimbursement is made at a daily rate established by the agency state audit agent after analyzing the costs to provide services. Room and board costs are not included in the rate and are not reimbursable. Cost that are considered in the rate are: direct service costs, direct supervision costs, therapy costs including all salaries, wages, and benefits associated with health care personnel, admission discharge planning, clinical support costs, non-personnel operating costs including expenses incurred for program related supplies and general administration costs.

Beginning January 1, 2025, Tier 1 services are reimbursed at a statewide prospective rate established by the State of New Mexico.

Beginning January 1, 2025, Tier II and III services are reimbursed at the greater of the facility specific daily rate previously established or the statewide prospective rate 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 agency's fee schedule was set as of January 1, 2025 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-for-service/>.

5. **Crisis Triage Centers** – Reimbursement is made at service rates that are uniquely determined for each provider based on provider costs as determined by the state agency contracted audit agency. Costs are determined by considering: direct service costs, direct supervision costs, therapy costs including all salaries, wages and benefits associated with health care personnel, clinical support costs, non-personnel operating costs and general administration costs. CTC's have a cost-based reimbursement and is specific to each agency these rates are not publicly published. During the rate calculation process, several key factors are reviewed by the agency and the providers upon approval of the rates.
6. **Evidence-based Practices including Functional Family Therapy, Dialectical Behavior Therapy, Trauma Focused Cognitive Behavior Therapy, and Eye Movement Desensitization and Reprocessing-** Reimbursement for Evidence-based Rehabilitative Services as outlined in item 13.d per Attachment 3.1-A, 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 agency's rates were set as of January 1, 2025, and 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-for-service/>.

The rate development methodology will primarily be composed of provider cost modeling, through New Mexico provider compensation studies and cost data. Rates from similar State Medicaid programs may be considered, as well. The following list outlines the major components of the cost model to be 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.
- Rural rates will include additional travel considerations for community and

home-based services. The rates will be developed as the ratio of total annual modeled provider costs to the estimated annual billable units.

7. **Mobile Crisis and Stabilization Rehabilitative Services** - Reimbursement for Mobile Crisis and Stabilization Rehabilitative Services as outlined in item 13.d per Attachment 3.1-A, 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 agency's rates were set as of January 1, 2025 and 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-for-service/>.

The rate development methodology will primarily be composed of provider cost modeling, through New Mexico provider compensation studies and cost data. Rates from similar State Medicaid programs may be considered, as well. The following list outlines the major components of the cost model to be 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).