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State/Territory Name: New Mexico

State Plan Amendment (SPA) #: NM 21-0006

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

December 15, 2021

Ms. Nicole Comeaux, J.D., M.P.H.,
Director Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

RE: New Mexico State Plan Amendment (SPA) 21-0006

Dear Ms. Comeaux:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 21-0006 effective for services on or after the day after the Public Health Emergency (PHE) ends. The proposes to implement targeted access payments for Safety-Net Care Pool (SNCP) hospitals.

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 regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 21-0006 is approved effective the day after the PHE ends. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,



Rory Howe
Director

Enclosure

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

1. TRANSMITTAL NUMBER

2 1 — 0 0 6

2. STATE

New Mexico

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

The day after the PHE ends.

5. TYPE OF PLAN MATERIAL (*Check One*) NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENTCOMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

§447.271, §447.272, §447.321

7. FEDERAL BUDGET IMPACT

a. FFY 22 \$ 18,321,800b. FFY 23 \$ 16,895,800

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A pg. 18

Attachment 4.19-A pg. 19

Attachment 4.19-A pg. 20

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A pg. 18 (HCFA 179 92-14)

Attachment 4.19-A pg. 19 (HCFA 179 NM-01-04)

Attachment 4.19-A pg. 19a, 19b, 19c (TN 12-01) deleted

Attachment 4.19-A pg. 20 (TN 12-01)

Attachment 4.19-A pg. 20a (HCFA 179 00-09) deleted

10. SUBJECT OF AMENDMENT

Targeted Access Payments (TAPs)

11. GOVERNOR'S REVIEW (*Check One*) GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

Nicole Comeaux

14. TITLE

Director, Medical Assistance Division

15. DATE SUBMITTED

May 17, 2021

16. RETURN TO

Nicole Comeaux, J.D., M.P.H., Director
Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

May 17, 2021

18. DATE APPROVED

December 15, 2021

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

Day after PHE ends

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Rory Howe

22. TITLE

Director, Financial Management Group

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

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4. Payment for Inappropriate Brief Admissions

Hospital stays of up to two days in length will be reviewed for medical necessity and appropriateness of care. (Discharges involving healthy mothers and health newborns are excluded from this review requirement). If it is determined that the inpatient stay was unnecessary or inappropriate, the prospective payment for the inpatient discharge will be denied. If the inpatient claim is denied, the hospital is permitted to resubmit an outpatient claim for the services rendered. Such review may be further focused to exempt certain cases at the sole discretion of the Department.

5. Payment for Non-Medically Warranted Days

- a. Reimbursement for hospital patients receiving services at an inappropriate level of care will be made at rates reflecting the level of care actually received. The number of days covered by the Medicaid program is determined based only upon medical necessity for an acute level of hospital care.
- b. When it is determined that an individual no longer requires acute-level care but does require a lower level of institutional care, and when placement in such care cannot be located, the hospital will be reimbursed for “awaiting placement” days. Reimbursement will be made at the weighted average rate paid by the Department in the preceding calendar year for the level of care needed. There is no limit on the number of covered “awaiting placement” days as long as those days are medically necessary. However, the hospital is encouraged to make every effort to secure appropriate placement for the individual as soon as possible. During “awaiting placement” days, no ancillary services will be paid, but medically necessary physician visits will be reimbursed.

TN No. 21-0006

Approval Date: 12/15/2021

Supersedes TN No. HCFA 179 92-14

Effective Date: Day after PHE ends

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of NEW MEXICO
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
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6. Targeted Access Payments

The amount of supplemental targeted access payments is based on New Mexico's most recent upper payment limit (UPL) demonstration for the State Fiscal Year (SFY). The payment amount will be based on the demonstrated UPL Room and paid to the hospitals if it falls within the UPL Gap of the respective hospital class as determined by the UPL demonstration. The targeted access payments are designed as a supplemental payment within existing and applicable limits in accordance with New Mexico's most recent UPL demonstration for the SFY. The Human Services Department (HSD) will verify that all qualifying hospitals receiving targeted access payments have Medicaid fee-for-service utilization. HSD will provide demonstration that inpatient/outpatient hospital payments are within the applicable fee-for-service UPL as defined in 42 CFR 447.272. Payments will not exceed the UPL. Eligibility for payments is limited to Safety-Net Care Pool hospitals. The targeted access payments will be made annually; for each SFY the HSD's payments applicable to the year shall be based on the amount allocated in HSD's budget.

TN No. 21-0006

Supersedes TN No. HCFA 179 NM-01-04

Approval Date: 12/15/2021

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7. State Operated Teaching Hospital Adjustment

Teaching hospitals (as defined in section 4.19-A.III.F.8.a) operated by the State of New Mexico or an agency thereof, shall qualify for an inpatient State Operated Teaching Hospital rate adjustment. The adjustment shall result in total payments to the hospitals that are equal to but not in excess of the individual facility's Medicare-related upper payment limit (specified at 42 CFR 447.272). The Department will calculate the Medicare upper payment limit for State Operated Teaching Hospitals annually. If the upper payment limit has not been exceeded, additional payments will be distributed by the Department to the State Operated Teaching Hospital. The adjustment shall be calculated as follows:

- a. Each federal fiscal year, the Department shall determine each State Operated Teaching Hospital's Medicare per discharge rate and Medicaid per discharge rate. The Medicare and/or Medicaid discharge rate will be adjusted to reflect any acuity differences that exist between the Medicare and Medicaid patients served. Acuity differences will be determined from the Medicare and Medicaid case-mix indices (CMI) for Medicaid discharges at the hospital (using data from the most recent state fiscal year for which complete data is available).
- b. The Medicaid per discharge rate shall be subtracted from the Medicare per discharge rate.
- c. The difference shall be multiplied by the number of Medicaid discharges at the hospital for the most recent state fiscal year. The result shall be the amount of the State Operated Teaching Hospital Adjustment for the current federal fiscal year.
- d. For federal fiscal year 2000, and subsequent federal fiscal years, payment shall be made on an annual basis before the end of the federal fiscal year.
- e. In the event that the State Operated Teaching Adjustment amount exceeds the Medicare-related upper payment limit for that year, the State Operated Teaching Hospital adjustment will be revised by the difference.

TN No. 21-0006

Approval Date: 12/15/2021

Supersedes TN No. 12-01

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