

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



---

**Financial Management Group**

April 8, 2020

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

RE: TN 19-0013

Dear Ms. Comeaux:

We have reviewed the proposed New Mexico Name State Plan Amendment (SPA) to Attachment 4.19-B, NM#19-0013, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 30, 2019. This plan amendment increases reimbursement rates for outpatient hospital services.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2019. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Tom Couch at 208-861-9838 or [Thomas.Couch@cms.hhs.gov](mailto:Thomas.Couch@cms.hhs.gov).

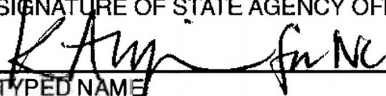

Sincerely,

*Todd McMillion*

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

Cc: Jennifer Vigil

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER 1 9 0 1 3	2. STATE New Mexico
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
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		4. PROPOSED EFFECTIVE DATE July 1, 2019	
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 a. FFY-20 _____ \$ 17,750,000 b. FFY-21 _____ \$ 71,000,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, page 6		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ) Attachment 4.19-B, page 6 (NM SPA 16-005)	
10. SUBJECT OF AMENDMENT Outpatient Hospital Reimbursement			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Authority delegated to the Medicaid Director <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL 		16. RETURN TO Nicole Comeaux, J.D., M.P.H., Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504-2348	
13. TYPED NAME Nicole Comeaux			
14. TITLE Director, Medical Assistance Division			
15. DATE SUBMITTED September 30, 2019			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED		18. DATE APPROVED 04/08/2020	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL 07/01/2019		20. SIGNATURE OF REGIONAL OFFICIAL 	
21. TYPED NAME Todd McMillion		22. TITLE Acting Director, Division of Reimbursement Review	
23. REMARKS			

Outpatient Hospital Services

- III. For outpatient hospital services provided by 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. Except as otherwise noted in the state plan both governmental and private providers are paid the same. All rates are published on the Department's website 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.

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%.

In no case can the reimbursement for outpatient hospital services exceed reasonable cost as defined under Medicare Title XVIII.

- a. Reimbursement for clinical diagnostic laboratory services are subject to the upper payment limits described in 1903(i)(7) of the Social Security Act. Except as otherwise noted in the plan, state developed fee schedule rates are set at 94% of the Medicare rate and are the same for both governmental and private providers. All rates are published on the Department's website at: <https://www.hsd.state.nm.us/providers/fee-schedules.aspx>
- b. Effective for dates of service on or after December 1, 2009 through October 31, 2010, outpatient hospital radiology technical component services are reimbursed at a fee schedule rate equivalent to the fee schedule rate for non-hospital based radiology facilities. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

The rates were developed by (1) multiplying the cost to charge ratio for each hospital by the billed charges for radiology technical component services to arrive at the approximate cost settled amount paid for each radiology technical