State of New Mexico
Medical Assistance Program Manual

Supplement

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TO: **ALL PERSONAL CARE OPTION PROVIDERS PARTICIPATING IN THE NEW MEXICO MEDICAID PROGRAM**

FROM: **CAROLYN INGRAM, DIRECTOR, MEDICAL ASSISTANCE DIVISION**

BY: **SADI TRUJILLO, CHIEF, PROGRAM OVERSIGHT AND SUPPORT**

SUBJECT: **PERSONAL CARE PROVIDER NOTICE OF INCREASES IN MEDICAID REIMBURSEMENT**

The budget approved by the Legislature and Governor included money to the Human Services Department (HSD) to increase payments to providers of services paid by the Medicaid Program, including the fee-for-service (FFS) Medicaid program, Medicaid managed care (SALUD!), behavioral health services, and the New Mexico State Coverage Insurance (SCI) program. This notice is to inform Personal Care Option providers of how this appropriation will be used to increase payments for personal care services.

In determining Medicaid reimbursement changes, several guiding principles were considered. Among these principles were the following:

- Promoting preventative and cost effective care, including early periodic screening, diagnosis, and treatment (EPSDT) of children and prenatal care.
- Establishing parity among similar services when disparity currently exists.
- Considering the national fee schedule on a one-time basis for the purpose of comparing the relative valuations between procedures.
- Considering when payment includes reimbursement for materials which have increased in cost.
- Considering the frequency and history of past fee increases and decreases for the service or provider, and situations where a provider type may be almost exclusively dependent on Medicaid levels of reimbursement.
- Meeting the federal definition, levels, and requirements for reasonableness of reimbursement; not exceeding federal limits on reimbursement; and following Medicaid Program policy.
- Considering available funding and legislative language.

Following is a description of how Personal Care Option providers will be affected by the changes in reimbursement:

I. For services rendered between July 1, 2007 and September 30, 2007, there will be a 1% increase in the amount paid for consumer directed and consumer delegated care.

- Code 99509 (consumer directed) will increase to $12.63 per 1 hour unit, from $12.50.

- Code T1019 with a U1 modifier (consumer delegated up to 100 hours) will increase to $3.41 per 15 minute unit, from $3.38, which is an increase to $13.64 per hour.

- Code T1019 without a modifier (consumer delegated over 100 hours) will increase to $2.91 per 15 minute unit, from $2.88, which is an increase to $11.64 per hour.

These rate changes will be effective retroactive to dates of service beginning July 1, 2007. All policy provisions regarding payment policy and limitations are still applicable.

PCO providers should begin using the increased rates in their billing upon receipt of this Supplement.

ACS will reprocess any claims with dates of service between July 1, 2007 and September 30, 2007, to pay the new higher rate, even though the provider may have billed the previous rate. Providers will not be required to send claim adjustment requests to ACS.

II. Beginning with dates of service October 1, 2007, and forward, there will be a change in how consumer delegated care is billed and paid:

The tiered rate structure for consumer delegated services that currently reimburses providers at a higher rate for the first 100 hours of service than for services over 100 hours, will be discontinued. Currently, providers indicate the distinction on their claims by billing a modifier U1 with procedure code T1019 for the first 100 hours.

The rates for the first 100 hours and the rates for the subsequent hours will be blended into one rate based on the average amount HSD paid per unit for dates of service July 1, 2006 through March 31, 2007, the first nine months of the 2007 state fiscal year.

During this time period, HSD paid for 28,229,047 units of service up to 100 hours at $3.38 per unit, for a total of $95,414,178.16. HSD also paid for 8,800,014 units of service for more than 100 hours, for a total of $25,344,040.32. The average amount paid is therefore $3.26 per 15 minute unit. This is the equivalent of $13.04 per hour. Adding the 1% increase indicated above, the blended rate will be $13.16 per hours which is to be billed at $3.29 per 15 minute unit (plus applicable gross receipt tax).

Therefore, for services provided on or after October 1, 2007, the reimbursement rate for procedure code T1019 will be $3.29 per 15 minute unit. Providers should not use a modifier for dates of services beginning October 1, 2007.

Providers should make these billing changes according to the dates given above. However, if a provider is not able to make billing changes timely, ACS will automatically adjust claims with no action required on the part of the provider for dates of service July 1, 2007 through October 31, 2007, for claims paid by November 19, 2007.

A provider will have to request an adjustment on any claim which is "under billed" because of a provider failure to consider the percentage increase on the blended rate if the dates of service are after October 31, 2007 or payment date is after November 19, 2007.

Comments and questions regarding this fee increase may be sent to Patrick Halsmer of the Medical Assistance Division/HSD at Patrick.Halsmer@state.nm.us or call 505-827-6218; or Crystal Mata at ALTSD at Crystal.Mata@state.nm.us or call 505-476-4849.

We appreciate your participation in the Medical Assistance Program.