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**TITLE 8 SOCIAL SERVICES**
**CHAPTER 325 SPECIALTY SERVICES**
**PART 8 REHABILITATION SERVICE PROVIDERS**

**8.325.8.1 ISSUING AGENCY:** New Mexico Human Services Department.
[2/1/95; 8.325.8.1 NMAC - Rn, 8 NMAC 4.MAD.000.1, 3/1/12]

**8.325.8.2 SCOPE:** The rule applies to the general public.
[2/1/95; 8.325.8.2 NMAC - Rn, 8 NMAC 4.MAD.000.2, 3/1/12]

**8.325.8.3 STATUTORY AUTHORITY:** The New Mexico medicaid program is administered pursuant to regulations promulgated by the federal department of health and human services under Title XIX of the Social Security Act, as amended and by the state human services department pursuant to state statute. See Section 27-2-12 et seq. NMSA 1978 (Repl. Pamp. 1991).
[2/1/95; 8.325.8.3 NMAC - Rn, 8 NMAC 4.MAD.000.3, 3/1/12]

**8.325.8.4 DURATION:** Permanent
[2/1/95; 8.325.8.4 NMAC - Rn, 8 NMAC 4.MAD.000.4, 3/1/12]

**8.325.8.5 EFFECTIVE DATE:** February 1, 1995
[2/1/95; 8.325.8.5 NMAC - Rn, 8 NMAC 4.MAD.000.5, 3/1/12]

**8.325.8.6 OBJECTIVE:** The objective of these regulations is to provide policies for the service portion of the New Mexico medicaid program. These policies describe eligible providers, covered services, noncovered services, utilization review, and provider reimbursement.
[2/1/95; 8.325.8.6 NMAC - Rn, 8 NMAC 4.MAD.000.6, 3/1/12]

**8.325.8.7 DEFINITIONS:** [RESERVED]

**8.325.8.8 MISSION STATEMENT:** The mission of the New Mexico medical assistance division (MAD) is to maximize the health status of medicaid-eligible individuals by furnishing payment for quality health services at levels comparable to private health plans.
[2/1/95; 8.325.8.8 NMAC - Rn, 8 NMAC 4.MAD.002, 3/1/12]

**8.325.8.9 REHABILITATION SERVICE PROVIDERS:** Rehabilitation services are optional services covered for New Mexico medicaid program (medicaid) recipients [42 CFR Section 440.110]. This part describes eligible providers, covered services, service limitations, and general reimbursement methodology.
[2/1/95; 8.325.8.9 NMAC - Rn, 8 NMAC 4.MAD.767, 3/1/12]

**8.325.8.10 ELIGIBLE PROVIDERS:**

A. Upon approval of New Mexico medical assistance program provider participation agreements by the New Mexico medical assistance division (MAD), the following providers are eligible to be reimbursed for furnishing outpatient rehabilitation services to recipients:

(1) rehabilitation centers with a primary emphasis on physical therapy, occupational therapy or speech therapy which are licensed and certified by the public health division of the department of health. Alcohol or drug treatment centers are excluded;

(2) physical therapists licensed as physical therapists and certified in independent practice for participation in the medicare program by the public health division of the department of health;

(3) occupational therapists licensed as occupational therapists and certified in independent practice for participation in the medicare program by the public health division of the department of health;

(4) home health agencies licensed and certified by the public health division of the department of health; and

(5) general hospitals eligible to provide outpatient rehabilitation services licensed and certified by the public health division of the department of health.

B. Once enrolled, providers receive a packet of information, including medicaid program policies, billing instructions, utilization review instructions and other pertinent material from MAD. Providers are

responsible for ensuring that they have received these materials and for updating them as new materials are received from MAD.
[2/1/95; 8.325.8.10 NMAC - Rn, 8 NMAC 4.MAD.767.1, 3/1/12]

**8.325.8.11 PROVIDER RESPONSIBILITIES:** Providers who furnish services to medicaid recipients must comply with all specified medicaid participation requirements. See 8.302.1 NMAC, *General Provider Policies*. Providers must verify that individuals are eligible for medicaid at the time services are furnished and determine if medicaid recipients have other health insurance. Providers must maintain records which are sufficient to fully disclose the extent and nature of the services furnished to recipients. See 8.302.1 NMAC, *General Provider Policies*.
[2/1/95; 8.325.8.11 NMAC - Rn, 8 NMAC 4.MAD.767.2, 3/1/12]

**8.325.8.12 COVERED SERVICES AND SERVICE LIMITATIONS:** Medicaid covers physical therapy, occupational therapy, and speech therapy services which are reasonable and necessary for the treatment of the recipient's specific condition.

A. For all services, there must be an expectation that the recipient's condition will improve significantly in a reasonable and generally predictable period of time based on an assessment by physicians of the recipient's restoration potential.

(1) If the recipient's expected restoration potential is insignificant in relation to the extent and duration of therapy required to achieve the potential, the therapy is not considered reasonable and necessary.

(2) If a determination that the expectations for restoration will not materialize is made at any point in the treatment, the services are no longer covered by medicaid.

B. Recipients who require low nursing facility level of care and reside in nursing facilities (NFs) can receive services furnished by home health agencies, certified outpatient rehabilitation centers, certified independent physical therapists, and certified independent occupational therapists. Therapy providers can bill directly for these services. Reimbursement for rehabilitation services for recipients who require high NF level of care is included in the NF's per diem rate and cannot be billed separately by the therapy provider.

C. Physical, occupational and speech therapy services must be ordered by physicians and specifically related to active written treatment plans developed by physicians in consultation with qualified physical, occupational or speech therapists.

D. Medicaid covers speech therapy services furnished by hospitals, home health agencies, outpatient hospitals, rehabilitation hospitals and rehabilitation centers licensed and certified by the department of health.

(1) Speech therapy services can be furnished by employees of the previously described providers or by an outside source such as an agency or clinic, under arrangements with the provider facility. Reimbursement for services is made to the facility.

(2) Speech therapy services must be furnished by individuals who are licensed as speech pathologists by the New Mexico regulation and licensing department.

E. Services furnished in PPS-exempt psychiatric units of general acute care hospitals, PPS-exempt rehabilitation units of general acute care hospitals and free-standing psychiatric hospitals are included in the hospital reimbursement rate and cannot be billed separately by independent providers.
[2/1/95; 8.325.8.12 NMAC - Rn, 8 NMAC 4.MAD.767.2, 3/1/12]

**8.325.8.13 NONCOVERED SERVICES:** Rehabilitation services are subject to the limitations and coverage restrictions of other medicaid services. See 8.301.3 NMAC, *General Noncovered Services*. Medicaid does not cover the following rehabilitation services:

A. services furnished by providers who are not licensed and/or certified to furnish services;

B. educational programs or vocational training not part of an active treatment plan for residents in an intermediate care facility for the mentally retarded or for recipients under the age of twenty-one (21) receiving inpatient psychiatric services [42 CFR Section 441.13 (b)];

C. services billed separately by home health agencies, independent physical therapists, independent occupational therapists, or outpatient rehabilitation centers to recipients in high nursing facilities or inpatient hospitals;

D. transportation, for recipients in low level nursing facilities or other medicaid recipients, to travel to outpatient hospital facilities unless there are no home health agencies, independent physical therapists or independent occupational therapists available in the area to provide the therapy at the recipient's residence; and

E. services solely for maintenance of the recipient's general condition; these services include repetitive services needed to maintain a recipient's functional level that do not involve complex and sophisticated therapy procedures requiring the judgement and skill of a therapist; services related to activities for the general good and welfare of recipients, such as general exercises to promote overall fitness and flexibility and activities to provide general motivation, are not considered physical or occupational therapy for medicaid reimbursement purposes.
[2/1/95; 8.325.8.13 NMAC - Rn, 8 NMAC 4.MAD.767.4, 3/1/12]

**8.325.8.14 PRIOR APPROVAL AND UTILIZATION REVIEW:** All medicaid services are subject to utilization review for medical necessity and program compliance. Reviews can be performed before services are furnished, after services are furnished and before payment is made, or after payment is made. See 8.302.5 NMAC, *Prior Authorization and Utilization Review*. Once enrolled, providers receive instructions and documentation forms necessary for prior approval and claims processing.

A. **Prior approval:** All therapy services with the exception of the initial evaluation for physical or occupational therapy require prior approval for medical necessity from MAD or its designee. Services for which prior approval was obtained remain subject to utilization review at any point in the payment process.

B. **Eligibility determination:** Prior approval of services does not guarantee that individuals are eligible for medicaid. Providers must verify that individuals are eligible for medicaid at the time services are furnished and determine if medicaid recipients have other health insurance.

C. **Reconsideration:** Providers who disagree with prior approval request denials or other review decisions can request a re-review and a reconsideration. See Section MAD-953, *Reconsideration of Utilization Review Decisions*.
[2/1/95; 8.325.8.14 NMAC - Rn, 8 NMAC 4.MAD.767.5, 3/1/12]

**8.325.8.15 REIMBURSEMENT:** Outpatient rehabilitation providers must submit claims for reimbursement on the HCFA-1500 or UB-92 claim form or their successor, as appropriate for the provider. See 8.302.2 NMAC, *Billing for Medicaid Services*. Once enrolled, providers receive instructions on documentation, billing and claims processing.

A. **Reimbursement for outpatient hospital rehabilitation medical services:** For services reimbursed under the Title XVIII (medicare) allowable cost methodology, medicaid reduces the medicare allowable costs by three percent (3%). The interim rate of payment is seventy-seven percent (77%) of billed charges. Medicaid reimbursement does not exceed reasonable costs as defined by medicare. See 8.311.2 NMAC, *Hospital Services*.

B. **Reimbursement for home health agency rehabilitation:** See Section MAD-768, *Home Health Services.*

C. **Reimbursement for independent physical therapists, independent occupational therapists and rehabilitation centers:**

(1) Reimbursement to providers is made at the lesser of the following:
  (a) the provider's billed charge; or
  (b) the MAD fee schedule for the specific service or procedure.

(2) The provider's billed charge must be their usual and customary charge for services.

(3) "Usual and customary charge" refers to the amount which the individual provider charges the general public in the majority of cases for a specific procedure or service.

(4) Medicaid does not pay a professional component amount to a physical, occupational, or speech therapist if the therapy is performed in a hospital setting. Medicaid reimburses the institutional provider for all components of the service.
[2/1/95; 8.325.8.15 NMAC - Rn, 8 NMAC 4.MAD.767.6, 3/1/12]

**HISTORY OF 8.325.8 NMAC:**
Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center:
ISD 310.1400, Rehabilitation Medical Services, filed 2/18/80.
MAD Rule 310.14, Rehabilitation Medical Services, filed 12/15/87.
MAD Rule 310.14, Rehabilitation Medical Services, filed 9/1/88.
MAD Rule 310.14, Rehabilitation Medical Services, filed 12/8/94.

History of Repealed Material:
MAD Rule 310.14, Rehabilitation Medical Services, filed 12/8/94 - Repealed effective 2/1/95.