


Michelle Lujan Grisham, Governor
Kari Armijo, Secretary Designate
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Kyra Ochoa, Deputy Secretary

Letter of Direction #103-1

Date: January 22, 2024

To: Centennial Care 2.0 Managed Care Organizations

From: Lorelei Kellogg, Acting Director, Medical Assistance Division 

Subject: Medicaid Provider Payment Rates
Repeal and Replace LOD #103

Title: State Fiscal Year 2024 Payment Rate Increases

The New Mexico Human Services Department (HSD) is announcing its intention to raise Medicaid provider payment rates effective July 1, 2023, and outlined in House Bill 2 (HB2). Raising Medicaid payment rates will ensure access to high-quality care for Medicaid members through appropriate reimbursement of health care services as well as attract and retain healthcare providers to New Mexico. HSD believes that these rate adjustments will help build and protect the New Mexico Medicaid health care delivery network. The proposed rate increases were supported, endorsed and funded by the New Mexico Legislature during the 2023 regular session.

The purpose of this Letter of Direction (LOD) is to direct Managed Care Organizations (MCO) on the implementation of the provider rate increases that are described in the (June 28th, 2023) public notice. This increase shall apply to each providers contracted rates with each MCO. As outlined in HB2 the MCOs shall not negotiate less than the Medicaid fee-for-services (FFS) rate. This includes rates negotiated between MCOs and sub vendors or sub-contractors. Any rate paid to providers for services to Medicaid members within the state of NM must use the MAD FFS rate as the minimum rate. The Agency expects MCOs to maintain current levels of reimbursement for providers who may be contracted above the rate increases outlined in this LOD.

1. For Maternal & Child Health, Physician & Other Practitioners, and Behavioral Health service areas MCOs are directed to increase payment **to a minimum of 120% of the 2023 Medicare fee schedule**, retroactive to July 1st, 2023, as defined in the rate table attached. This increase shall apply to each provider's contracted rates with each MCO.
2. For all codes in other service areas where Medicare FFS rates are available MCOs are directed to increase payment **to a minimum of 100% of the 2023 Medicare fee schedule**, retroactive to July 1, 2023, as defined in the rate table attached. This increase shall apply to each provider's contracted rates with each MCO.

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3. For all other identified codes in other service areas without a Medicare rate, MCOs are directed to increase payment to **at least the FFS amount on the table attached**, retroactive to July 1st, 2023. This increase shall apply to each providers contracted rates with each MCO.
 - a. MCOs are directed to increase payment for Centennial Home Visiting Program and Family Nurse Partnership (FNP) services retroactive to July 1, 2023, as described in the Table 1.

Table 1. Centennial Home Visiting Program Rate Updates

Code	Modifier	Description	Current Rate	Updated Rate
H1005	U1	Prenatal care, at-risk enhanced service package (include management, coordination, education, follow-up home visit)	\$314.94	\$369.36
S5111	U1	Prenatal care, at-risk enhanced service package (include management, coordination, education, follow-up home visit)	\$314.94	\$369.36
S9445	U1	Patient Education, non-physician provider, individual, per session	\$314.94	\$369.36

4. Facility Increases

a. *Nursing Facilities:*

Retroactive to July 1, 2023, Nursing Facility (NF) Medicaid per diem rates will be increased for nursing facilities in New Mexico. To be deemed eligible, a provider must be licensed in the state of New Mexico and have active fee-for-service (FFS) rates. In addition, the Nursing Facility rate increases include Nursing Facility's that have institutional Medicaid Hospice Room & Board claims.

Each eligible nursing facility's per diem FFS rate for high and low Medicaid will be increased by the amounts listed below:

High Medicaid Rate Increase \$14.19/day

Low Medicaid Rate Increase \$9.69/day

b. *Hospitals:*

Retroactive to July 1, 2023, the MCOs are directed to raise reimbursement rates paid under the Centennial Care 2.0 program to eligible New Mexico hospitals. The designations of New Mexico hospitals include underserved, rural, urban, and UNM

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Hospitals. The payment arrangement is incorporated into the capitation rates; payment increases will be allocated to the MCOs and (subsequently paid by the MCOs to the provider) based on actual utilization of the provider by each MCO. All services provided by the eligible provider within each respective designation will receive the same uniform increase. HSD included 2019 claims data to determine hospital eligibility for inpatient (IP) and outpatient (OP) rate increases; HSD excluded current state directed payments in eligibility. To be deemed eligible, a provider must be licensed in the state of New Mexico and receiving Medicaid reimbursement less than the Medicare equivalent rate. Hospitals that were either below or at 100% of Medicare inpatient (IP) and/or outpatient (OP) are eligible for rate increases. Hospitals that were over 100% of Medicare inpatient (IP) or outpatient (OP) were not eligible for rate increases.

Hospital Designation Type	Uniform Percentage Increase
*Underserved	20%
Rural	12%
Urban	6%
UNM (includes UNMH, UNM Psych, UNM Sandoval)	4%

***Health Resources & Services Administration (HRSA) Underserved definition: Medically Underserved Areas/Populations (MUA) are areas or populations designated by HRSA as having too few primary care providers, high infant mortality, high poverty or a high elderly population. The lowest score (highest need) is 0; the highest score (lowest need) is 100. To qualify for underserved designation, the Index of Medical Underservice (IMU) score must be less than or equal to 62.0.**

Definitions:

Rural: are those that are not urban or underserved

Underserved: Health Resources & Services Administration (HRSA) Underserved definition: Medically Underserved Areas/Populations (MUA) are areas or populations designated by HRSA as having too few primary care providers, high infant mortality, high poverty or a high elderly population. The lowest score (highest need) is 0; the highest score (lowest need) is 100. To qualify for underserved designation, the Index of Medical Underservice (IMU) score must be less than or equal to 62.0. Website: [MUA Find \(hrsa.gov\)](http://hrsa.gov)

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Urban: Based on Rural Health Information Hub (RHI) supported by HRSA; NM Urban counties are Bernalillo, Los Alamos, Sandoval, Santa Fe and Dona Ana. Website: [Am I Rural? Tool - Rural Health Information Hub](#)

UNM: includes UNM Hospital, UNM Sandoval Regional Medical Center, and UNM Psychiatric Hospital

NOTE: Underserved, Rural, Urban, and UNM definitions are specific to House Bill 2 (HB2) and should not be utilized in another context and or program without express direction from HSD.

Table 2: Hospital Inpatient (IP) & Outpatient (OP) Rate Increases

Hospital	IMU Score	Designation Type	IP Uniform Percentage Increase	OP Uniform Percentage Increase
Advanced Care Hospital of Southern NM	N/A	Urban	ineligible	6%
Albuquerque VAMC	N/A	Urban	6%	6%
Albuquerque-AMG Specialty Hospital	N/A	Urban	6%	6%
Alta Vista Regional Hospital	59.9	Underserved	20%	20%
Artesia General Hospital	54.2	Underserved	ineligible	20%
Carlsbad Medical Center	54.2	Underserved	20%	20%
Central Desert Behavioral Health Center	N/A	Urban	6%	ineligible
Cibola General Hospital	51	Underserved	20%	ineligible
ClearSky Rehab Hospital of Rio Rancho LLC	N/A	Urban	6%	6%
Covenant Health Hobbs Hospital	57.4	Underserved	20%	20%
Dan C Trigg Memorial Hospital	55	Underserved	ineligible	20%
Eastern NM Medical Center	61.1	Underserved	20%	20%
Encompass Rehabilitation Hospital	N/A	Urban	6%	6%
Gerald Champion Regional	59.6	Underserved	20%	20%
Gerald Champion Regional - Psych	59.6	Underserved	20%	20%
Gerald Champion Regional - Rehab	59.6	Underserved	20%	20%
Gila Regional Medical Center	57.3	Underserved	20%	20%
Gila Regional Medical Center-Psych	57.3	Underserved	ineligible	20%
Guadalupe County Hospital	59.2	Underserved	ineligible	20%
Haven Behavioral Senior Care of	N/A	Urban	6%	6%



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Albuquerque				
Holy Cross Hospital	61.5	Underserved	20%	ineligible
Kindred Healthcare Inc	N/A	Urban	ineligible	6%
Lincoln County Medical Center	57	Underserved	ineligible	20%
Los Alamos Medical Center	N/A	Urban	6%	6%
Lovelace Medical Center - Downtown	N/A	Urban	6%	6%
Lovelace Regional Hospital - Roswell	61.1	Underserved	20%	20%
Lovelace Rehabilitation Hospital	N/A	Urban	ineligible	ineligible
Lovelace Westside Hospital	N/A	Urban	6%	6%
Lovelace Women's Hospital	N/A	Urban	6%	6%
Memorial Medical Center	N/A	Urban	6%	6%
Mesilla Valley Hospital	N/A	Urban	6%	ineligible
Mimbres Memorial Hospital	49.7	Underserved	20%	20%
Miners Colfax Medical Center	54.3	Underserved	ineligible	20%
Mountainview Regional Medical Center	N/A	Urban	ineligible	6%
N.M. Rehabilitation Center	61.1	Underserved	20%	20%
NM Behavioral Health Institute	59.9	Underserved	20%	20%
Nor-Lea General Hospital	57.4	Underserved	ineligible	20%
Peak Behavioral Health Services	N/A	Urban	6%	ineligible
Plains Regional Medical Center - Clovis	61.2	Underserved	ineligible	20%
Presbyterian Espanola Hospital	61.6	Underserved	ineligible	20%
Presbyterian Hospital	N/A	Urban	6%	6%
Presbyterian Kaseman Hospital	N/A	Urban	ineligible	6%
Presbyterian Santa Fe	N/A	Urban	6%	6%
Rehabilitation Hospital of Southern NM	N/A	Urban	6%	ineligible
Rehoboth McKinley Christian Health	37.8	Underserved	20%	20%
Roosevelt General Hospital	59.3	Underserved	ineligible	20%
San Juan Regional Medical Center	N/A	Rural	12%	12%
San Juan Regional Rehab Hospital	N/A	Rural	12%	12%
Sierra Vista Hospital	18.1	Underserved	20%	ineligible
Socorro General Hospital	50.2	Underserved	ineligible	20%
St Vincent Hospital	N/A	Urban	ineligible	6%
St Vincent Hospital Behavioral	N/A	Urban	6%	6%
St Vincent Hospital Rehab Unit	N/A	Urban	6%	6%



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Three Crosses Regional Hospital LLC	N/A	Urban	6%	6%
Turquoise Lodge Hospital	N/A	Urban	6%	6%
Union County General Hospital	42.1	Underserved	20%	20%
University of New Mexico Hospital	N/A	UNM	4%	4%
University Psychiatric Hospital	N/A	UNM	4%	4%
UNM Sandoval Regional Medical Center	N/A	UNM	4%	4%

NOTE: HSD has increased the TEFRA per discharge rates by 6% for eligible FFS providers. MCOs are encouraged to work within the negotiation process to review provider specific increases.

5. RHC/FQHC

For rural primary care clinics and Federally Qualified Health Centers (FQHCs), MCOs are directed to increase payment by a minimum of six percent (6%) retroactive to July 1, 2023. This increase shall apply to each provider's contracted rates with each MCO.

6. Community Benefit Rate Increase

a. Agency-Based Community Benefit

Rates for all Agency-Based Community Benefit (ABCB) services shall be increased by 4.68% retroactive to July 1, 2023. Managed Care Organization (MCO) rates have been adjusted to include this 4.68% increase. MCOs must collaborate with ABCB providers to minimize the administrative burden of this rate increase on providers.

b. Self-Directed Community Benefit

Self-Directed Community Benefit (SDCB) rates in the Range of Rates Table (Table 3 below) below have been increased by 4.68% with the exception of code 97124 Massage Therapy which has been increased in accordance with the Medicare rate for this service. As with the ABCB, Managed Care Organization (MCO) rates have been adjusted to include this 4.68% increase. MCOs should refer to the updated Range of Rates Table below for all SDCB services. All current rates that fall below the updated minimum amount shall be increased in collaboration with the Employer of Record (EOR)/Member. All rates currently within the updated range of rates below can be increased as requested by the EOR/Member.

Retroactive to July 1, 2023, the SDCB Range of Rates Table (Table 3 below) should be used to develop new budgets and implement budget revisions. This table should be utilized until updated in the Managed Care Policy Manual.



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In addition, retroactive to July 1, 2023, MCOs are directed to increase T2025, the monthly fee for SBCB Support Broker (SB) services by 4.68% with their contracted SBs.

MCOs have the responsibility to inform their Support Brokers (SB) of the increase in the SDCB range of rates. SBs must work with the SDCB members to determine updated employee and vendor rates. All SDCB members who are updating employee and vendor rates must work with their Care Coordinators and SBs to increase budgets. MCOs must ensure all rates are updated to reflect at least the minimum rate allowed. MCOs must work with Conduent and FOCoS to ensure that the new Range of Rates are reflected correctly in the FOCoS system, and that all Conduent forms are updated as needed within.

Table 3: Self-Directed Community Benefit (SDCB) rates in the Range of Rates

SDCB Procedure Code	Service Name	7/1/23 Updated SDCB Rate	Unit
90901	Biofeedback	\$52.34-104.68	visit
97124	Massage Therapy	\$15.66-\$31.31	15 min
97532	Cognitive Rehab Therapy	\$13.09-\$26.17	15 min
97810	Acupuncture	\$13.09-\$26.17	15 min
98940	Chiropractic	\$52.34-104.68	visit
S5100	Customized Community Supports	\$1.42-\$9.23	15 min
99509	Self-Directed Personal Care	Minimum wage-\$15.28	hour
G0151	Physical Therapy	\$14.14-\$25.35	15 min
G0152	Occupational Therapy	\$13.35-\$24.82	15 min
G0153	Speech/Language Pathology	\$16.81-\$25.35	15 min
H2019	Behavior Support Consultation	\$12.81-\$21.62	15 min
S5160	Emergency Response- testing and maintenance	As approved by MCO	each
S5161	Emergency Response- monthly fee	\$38.43-\$42.70	each
S5165	Environmental Modification	As approved by MCO (up to \$6,000.00)	per 5 years
S8940	Hippotherapy	\$52.34-104.68	visit
S8990	Naprapathy	\$52.34-104.68	visit



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S9122	HH Aide	\$17.08	hour
S9445	Native American Healers	As approved by MCO	session
S9470	Nutritional Counseling	\$44.83	hour
T1002	Private Duty Nursing- Adults- RN	\$11.41	15 min
T1003	Private Duty Nursing- Adults- LPN	\$7.11	15 min
T1005	Respite- Standard (not provided by RN, LPN, or HHA)	Minimum Wage (per hour)- \$4.27	15 min
T1005	Respite-RN	\$11.41	15 min
T1005	Respite-LPN	\$7.11	15 min
T1005	Respite-HHA	\$4.27	15 min
T1999	Goods/Services	As approved by MCO	Each
T1999	Cell Phone Service (including data/GPS)	\$0.00-\$100.00	each
T2004	Transportation- paid carrier pass (bus, train, etc.)	As approved by MCO	each
T2019	Employment Supports (including Job Coach)	Minimum wage (per hour)- \$7.25	15 min
T2019	Job Developer	\$104.68-\$732.76	per job developed
T2028	Start Up Goods	As approved by MCO (up to \$2,000)	each
T2049	Transportation Mile	\$0.36-\$0.42	mile

All the rate increases described in this LOD have been calculated and considered as a component of the MCO capitation rates that will be retroactive to July 1st, 2023. No reductions have been applied to rates exceeding the assigned threshold and are not considered in the MCO capitation rates and should not be imposed upon providers. HSD pays at the FFS rate plus the gross receipt tax. The MCO administrative costs include gross receipt tax (GRT) in the CAP adjustments.

The MCOs were previously informed through LOD #103 that all claims with dates of service 7/1/23 and after must have been adjusted and paid by 9/12/23.

A copy of the rate table is provided with this LOD.



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This LOD will sunset when all rate increases have been implemented, contract amendments finalized, and claims have been adjusted back to July 1, 2023.

Attachment: LOD #103-1 Final Rate Table HCPCS Description