



HEALTH CARE  
AUTHORITY


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**Letter of Direction #39**

**Date:** November 27, 2024

**To:** Turquoise Care Managed Care Organizations

**From:** Dana Flannery, Director, Medical Assistance Division 

**Subject:** Medicaid Provider Payment Rate Increase to Hospitals Serving a High Share of Native American Members

**Title:** Payment Rate increase Effective July 1, 2024

The purpose of this Letter of Direction (LOD) is to provide guidance to the Turquoise Care Managed Care Organizations (MCOs) for implementation of the Medicaid Provider Payment Rate Increase to Hospitals Serving a High Share of Native American Members.

**Background**

On May 28, 2019, the Human Services Department (HSD) (now the Health Care Authority), announced its intention to raise certain Medicaid provider payment rates effective July 1, 2019. That increase, together with the Medicaid provider payment increases that were announced on May 15, 2019, represented the first components of a multi-phase strategy to address low Medicaid reimbursement across the delivery system. On November 27, 2019, HSD, (now the Health Care Authority), announced its intention to raise certain Medicaid provider payment rates effective January 1, 2020, in the third set of rate increases scheduled to occur in state fiscal year 2020 (FY20). The proposed rate increases were supported, endorsed and funded by the New Mexico Legislature during the 2019 regular session.

**Increase in Payment Rates to Hospitals Serving a High Share of Native American Members**

The MCOs are directed to raise reimbursement rates paid under the Turquoise Care program to New Mexico hospitals that serve the highest ratio of Native American Medicaid members. This increase is done to assure improved access to care for Native Americans who are enrolled in the Medicaid program, and to recognize the hospitals that serve the largest share of these members in New Mexico. Legacy, Centennial Care 2.0 (CC2.0), MCOs received initial written direction, from the Health Care Authority (HCA) for this rate increase within LOD #28 effective January 1, 2020. Effective July 1, 2024, the New Turquoise Care MCOs are directed to apply the increase to each class of Hospitals Serving a High Share of Native American Members as follows:

Provider Class	Hospitals	Uniform Percent Increase
High Total Medicaid and High Native American Utilization	<ul style="list-style-type: none"> <li>• REHOBOTH MCKINLEY CHRISTIAN HOSPITAL</li> <li>• CIBOLA GENERAL HOSPITAL</li> <li>• SAN JUAN REGIONAL MEDICAL CENTER</li> </ul>	33%
High Native American Utilization	<ul style="list-style-type: none"> <li>• SAN JUAN REGIONAL REHAB HOSPITAL</li> <li>• LINCOLN COUNTY MEDICAL CENTER</li> </ul>	13%

The MCOs are directed to apply the respective increase to both inpatient and outpatient hospital services at facilities eligible for this rate adjustment (high-proportion Native American facilities with provider types 201, 202, 203, 204 or 205). Laboratory and radiology services billed by these provider types are to be included in the increase.

The MCOs are expected to apply rate increases accordingly for these facilities. This rate increase is a managed care directed payment; therefore, there will not be a corresponding increase applied through Medicaid FFS or based on FFS payment methodologies. However, the MCOs should refer to the *Sunset Centennial Care 2.0 LOD #20* for guidance on applying rate increases to hospital inpatient and outpatient services.

The rate increases described in this LOD have been calculated and considered as a component of the MCO capitation rates effective July 1, 2024.

**Rate Increase Implementation Timeframes and Reporting**

The MCOs are directed to implement all changes associated with these instructions, including system changes, provider contract negotiations, and any necessary claims reprocessing no later than 60 days from the date of issuance of this directive.

HCA directs the MCOs to provide weekly updates to the Department, via email communication, on the status of implementation of these rate increases. Once MCOs have implemented all system changes, provider contract negotiations, and any necessary claims reprocessing changes, HCA will sunset weekly update request.

This LOD will sunset when direction is provided in one or more of the following: Turquoise Care Managed Care Services Agreement, Managed Care Policy Manual, NMAC, Systems Manual, or BHSD Billing and Systems Manual. The LOD may also sunset upon HCA notification or completion of the Turquoise Care Program.