

Spending Plan for the Implementation of the American Rescue Plan Act of 2021, Section 9817: Quarterly Update

Additional Support for Medicaid Home and Community-Based Services



State of New Mexico

Medical Assistance Division

American Rescue Plan Act of 2021 Section 9817

Quarterly Spending Plan and Narrative for Q3 FY 2023

May 8, 2023

INVESTING FOR TOMORROW, DELIVERING TODAY.

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I. Letter from the State Medicaid Director



May 8, 2023

Daniel Tsai, Deputy Administrator and Director
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Dear Deputy Administrator and Director:

On behalf of the State of New Mexico and the Human Services Department (HSD), Medical Assistance Division, please find the quarterly update to our HCBS Spending Plan and Narrative that describes HSD's use of funding available under the American Rescue Plan Act (ARPA) of 2021, Section 9817. This semi-annual report provides updates on the implementation of operationalized proposals, ARP federal claiming, and the reinvestment of ARP funds. Updates in this semi-annual submission are highlighted yellow.

On February 9, 2022, June 3, 2022, and June 22, 2022, states received CMS guidance on ARPA reporting requirements and an extension of the deadline to fully expend state funds by March 31, 2025 through [State Medicaid Director \(SMD\) Letter #22-002](#) and Helpful Tips documents. On December 9, 2022, states received an updated version of the "Helpful Tips" document from CMS providing general guidance, suggestions, and tips on content and format when submitting the required Section 9817 quarterly and semi-annual reports. For this reporting, New Mexico is submitting an update to its spending plan and narrative, which includes expenditures reported on the Q1 FFY23 CMS 64 Expenditure Report that was certified on February 10, 2023. Each quarter, New Mexico will provide spending plan (quantitative) updates to the following as recommended by CMS: expenditures eligible for the increased FMAP; actual and projected spending amounts, by quarter, for the state's activities to enhance, expand, or strengthen HCBS through March 31, 2025; and amount of funds attributable to the increase in FMAP that the state has claimed between April 1, 2021 and March 31, 2022. Semi-annually, New Mexico will provide spending plan and narrative updates, unless the state is requesting approval of new activities or changes to the scope or description of approved activities, then the state will submit an updated narrative in the applicable quarter.

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New Mexico also extends its gratitude to CMS for its full approval of the spending plan and narrative on May 18, 2022 (Q3 FY 2022) and continued approvals on August 15, 2022 (Q4 FY 2022), October 28, 2022 (Q1 FY 2023), and December 16, 2022 (Q2 FY 2023). The state acknowledges that CMS' approval solely addresses the states' compliance with applicable requirements set forth under Section 9817 and fulfillment of the requirements as stated in [State Medicaid Director Letter \(SMDL\) #21-003](#). The spend plan approval does not constitute approval for purposes of claiming Federal Financial Participation (FFP), and the state must continue to comply with all existing federal requirements for allowable claims, including documenting expenditures and draws to ensure a clear audit trail for the use of federal funds budgeted on the CMS-37 Report (Medicaid Program Budget Report) and the CMS-64 Report (Quarterly Medicaid Statement of Expenditures). Furthermore, New Mexico will continue to follow the applicable rules and processes for section 1915(c) waivers, other Medicaid HCBS authorities, including state plan amendments and section 1115 demonstrations, and other managed care authorities (as applicable), if we are making changes to an HCBS program and intend to use state funds equivalent to the funds attributable to the increased FMAP to pay the state share of the costs associated with those changes.

New Mexico also thanks CMS for granting the state an extension to submit the Q3 FY 2023 HCBS Spending Plan and Narrative report by May 8, 2023.

New Mexico continues to provide the following assurances:

- The state is using the federal funds attributable to the increased federal medical assistance percentage (FMAP) to supplement and not supplant existing state funds expended for Medicaid HCBS in effect as of April 1, 2021;
- The state is using the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program;
- The state is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- The state is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021;
- The state is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021;
- The state's activities to enhance, expand, or strengthen HCBS under ARP Section 9817 are not focused on services other than those listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B (e.g., behavioral health services that are covered under another benefit but could be covered under the rehabilitative services benefit). Providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care);
- The state's activities are not focused on services delivered in Institutions for Mental Diseases (IMD) or other institutional settings, providers delivering services in IMDs or other institutional settings, or other activities implemented in IMDs or other institutional settings (which CMS would not find to be a

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permissible use of funds, unless the state can demonstrate that the activity supports institutional diversion or community transition or otherwise supports the intent of ARP section 9817);

- HSD will notify CMS as soon as possible if New Mexico's activities to expand, enhance, or strengthen HCBS under ARP section 9817 are focused on services other than those listed in Appendix B, C and/or D, in order for CMS to verify whether they are permissible;
- HSD will not pay for room and board, which is not found to be a permissible use of funds as part of our Supportive Housing Units proposal;
- HSD will not pay for ongoing internet connectivity costs; and
- The approval of the spending plan or of any activities within the spending plan by CMS does not constitute approval for purposes of claiming Federal Financial Participation (FFP).

Please feel free to contact Valerie Tapia, CMS Liaison by email at Valerie.tapia@hsd.nm.gov or by telephone at (505) 257-8420 with any questions.

Sincerely,



Lorelei Kellogg
Acting Medicaid Director, Medical Assistance Division

II. Executive Summary

New Mexico's Medicaid and CHIP programs serve approximately 988,434 beneficiaries as of November 2022 with just under 82.8% of those enrolled in managed care, with a total budget estimated at \$8.8 billion for fiscal year 2023. Medicaid and CHIP coverage is primarily delivered through an integrated, comprehensive Medicaid delivery system, known as Centennial Care, in which Managed Care Organizations (MCOs) are responsible for coordinating the full array of services, including acute care (including pharmacy), behavioral health services, institutional services, and HCBS. New Mexico is a leader in ensuring access to HCBS and has implemented policies that have resulted in 89% of our members with a Nursing Facility Level of Care receiving services in the community, leaving less than 11% in facility settings. The intent of Section 9817 of ARPA closely aligns with the established goals of Centennial Care and HSD stands committed to ensuring the targeted activities outlined in our spending plan continue to address specific gaps in care and improve health outcomes for our most vulnerable HCBS populations.

Section 9817 of the ARPA provides states with a temporary 10 percentage point increase to the FMAP for certain Medicaid expenditures for HCBS. These services are person-centered care delivered in the home or community to support people who need assistance with activities of daily living.

The enhanced federal funding provides New Mexico with an historic opportunity to make both short and long-term investments in our programs that serve the most vulnerable New Mexicans, including those who are aging, disabled, and with severe behavioral health needs. Our proposed spending plan will strengthen the caregiver workforce and facilitate greater access to HCBS, thereby ensuring health equity, and reducing health disparities.

In developing our plan, the Medical Assistance Division (MAD) obtained input from subject matter experts within the division as well as from HCBS provider organizations, advocacy groups, other HSD divisions, sister state agencies, and individuals. Our proposal reflects the recommendations that we received. We propose to use federal funds attributed to the increased FMAP to supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021, in both fee-for-service and managed care. Our commitment remains to strengthen our program through implementing activities that support the following four pillars:

- Investing in our Medicaid HCBS workforce
- Expanding our HCBS infrastructure
- Improving and expanding access to HCBS services through navigation systems
- Providing new and/or expanding existing HCBS services

HSD remains committed to continue engagement with our sister agencies in the implementation of the spending plan as it touches their direct constituents. This plan reflects input and collaboration with the following divisions and agencies:

- Office of the Secretary
- Medical Assistance Division (MAD)

- Behavioral Health Services Division (BHSD)
- Administrative Services Division (ASD)
- Information Technology Division (ITD)
- Aging and Long-Term Services Department (ALTSD)
- Department of Health (DOH)
- Children, Youth and Families Department (CYFD)

III. Stakeholder Input

New Mexico is committed to stakeholder feedback in our program and policy development, including feedback on proposed activities for the enhanced funding of HCBS services. From March 2021 through October 2022, HSD has been actively engaging with key HCBS stakeholders seeking feedback on how funding may be used to support their programs, asking them to think creatively about this new opportunity. HSD has had the following engagements to date:

- Stakeholder session on the ARPA HCBS funding opportunity on July 1, 2021, providing key stakeholders with an opportunity to review the initial spending plan and obtain additional public comment.
- Medicaid Advisory Committee (MAC) meeting on August 9, 2021 dedicating time to update the committee and interested parties on the spending plan and obtain additional feedback.
- Separate stakeholder meetings to gather recommendations.
- Medicaid 1115 Demonstration Waiver Renewal Stakeholder engagements to obtain valuable input on the current Centennial Care 2.0 Medicaid program and innovations that can be explored for the future Medicaid program, including HCBS enhancements. A formal public comment period from September 6, 2022 to October 31, 2022 occurred as well as Public Hearings on September 30, 2022 and October 7, 2022, and Tribal Consultation on October 14, 2022. Following is a listing of these applicable stakeholder engagements:

Date	Meeting
April 26, 2022	Tribal Listening Session
May 4, 2022	Sister Agency and Partner Session
May 5, 2022	Large Stakeholder Session
May 11, 2022	Legislator Session
May 11, 2022	Legislative Finance Committee (LFC), Department of Finance Administration (DFA), and Governor’s Office Listening Session
May 12, 2022	Tribal Meeting with Navajo Nation
May 13, 2022	Tribal Meeting with Zuni and Laguna Pueblo
July 18, 2022	Virtual Tribal Listening Session
July 19, 2022	Virtual Tribal Listening Session

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July 21, 2022	Virtual Tribal Listening Session
September 30, 2022	Public Hearing
October 7, 2022	Public Hearing
October 14, 2022	Tribal Consultation

Through these various engagements, New Mexico received feedback from individuals as well as stakeholders, including:

- Medicaid Advisory Committee (MAC)
- The Disability Coalition, Disability Rights New Mexico, and other disability advocacy groups and citizens
- Senior Citizens Law Office (SCLO)
- Providers and provider associations
- The Program for All-Inclusive Care for the Elderly (PACE)
- Family/caregiver advocacy groups, including SeniorLink and New Mexico Caregivers Coalition
- School-Based Health Centers (SBHCs)
- Managed Care Organizations (MCOs)
- University of New Mexico, Center for Development & Disability
- Self-Advocates and family members
- Advocacy Organizations
- Professional and Provider Organizations focused on Health and Social Services

HSD continues to provide updates and coordinate with the Governor's Office, Legislative Finance Committee, Department of Finance and Administration, Legislative Health and Human Services Committee, and CMS regarding proposal prioritization, expenditures, appropriations, and sustainability planning.

Ideas generated by stakeholders

Stakeholders provided input on how to use funding to enhance, expand, or strengthen Home and Community Based Services (HCBS), which influenced HSD's initial spending plan and narrative. These ideas include, but are not limited to:

- Increase funding for consumer-directed programs
- Expand the definition of family so additional members providing care can be paid
- Increase funding for respite care
- Increase direct care worker payment rates
- Support additional hazard, overtime, or shift differential pay
- Additional funding for assistive technology
- Enhance payments to cover transition costs from institutions to home settings

- Promote cross-sector partnerships and consider adding benefits that address social determinants of health (SDOH) and other non-medical needs
- Expedite access to HCBS by serving more individuals on the 1915(c) waiting lists
- Establish an HCBS ombudsman program
- Add or increase certain HCBS benefits to promote community inclusion
- Reimburse school nurses as the initiator of telehealth services
- Infrastructure changes and PPE to protect residents, staff, and families
- Annual training and education for staff
- Increase HCBS provider rates
- Conduct HCBS provider rate studies

Public Comments

HSD posted on its website notice of opportunity to comment on HSD's initial HCBS Spending Plan and Narrative. Interested parties were provided a 30-day public comment period from July 14, 2021 through August 18, 2021 to submit comments by email or mail.

Through the public comment period, HSD received feedback supporting the various proposals across the Workforce, Infrastructure, Navigation, and Services Pillars. Several commenters requested more detail in the spending plan and the activities described, which have been addressed in this quarterly update. Commenters provided suggestions on HSD's phased approach for implementation, which will be continuously evaluated by HSD with each quarterly spend plan submission and stakeholder engagement. Commenters also suggested the creation of a vision or roadmap for this redesign of HCBS activities. HSD will be outlining a workplan that prioritizes proposal implementation and will continue to be strategic in using these funds to effect long-term changes for the State and benefit for our members.

Several commenters noted their strong support for adding slots to both the Community Benefit program and the Developmental Disabilities (DD) Waiver, pointing out that applicants wait a considerable amount of time for services. These commenters also noted their hope that HSD would expand beyond the 1,000 Community Benefit slots and the 400 slots for the DD Waiver. HSD has committed to increasing the number of slots added to each program as part of this quarterly update.

Commenters also shared positive feedback on the activities proposed in the Workforce Pillar. Ideas shared that remain under consideration by HSD include support towards developing a specific career path for direct care workers, which may include components such as training, coaching/mentorship, and fair wages and benefits.

Finally, commenters shared other ideas outside of those activities proposed that could benefit the big picture of HCBS in New Mexico, including a PACE expansion, a Supports Waiver-like program to provide personal care to older adults and adults with disabilities, initiatives to help nursing facilities transition their business model to become HCBS providers, and additional supports to family caregivers. HSD will continue to evaluate these

options, including priorities of the State with necessary sustainability planning, and will update the spending plan as new activities are identified for funding.

During HSD's Medicaid 1115 Demonstration Waiver Renewal Public Comment Period, a total of 82 individual comments were received through the various channels provided for public comment. These included 66 submissions by email, 6 submissions captured in public hearings, and 10 submissions received at both the public hearings and by email. Comments spanned suggestions, questions, concerns, and support. There were approximately 13 comments on the proposed HCBS enhancements. Please refer to HSD's website at <https://www.hsd.state.nm.us/medicaid-1115-waiver-renewal/> for a full listing of public comments received and HSD responses. The following ARPA related enhancements were considered for the Medicaid 1115 Demonstration Waiver Renewal:

- Proposal N.8, Closed Loop Referral System
- Proposal S.1, Add Community Benefit Slots
- Proposal S.3, High Fidelity Wraparound Expansion
- Proposal S.5, Environmental Modifications Increase
- Proposal S.6, Transition Services Increase
- Proposal S.8, Covering Meals for Enrollees Residing Independently
- Proposal S.10, Intensive Case Management Services for Children in State Custody

Tribal Input

New Mexico has 23 federally recognized tribes and 12 Indian Health Service clinics serving our Native Americans in New Mexico. HSD stands committed to involving our tribal partners in our policy and program development and this includes seeking input on HCBS enhancements. HSD announced this opportunity at the Native American Technical Advisory Committee (NATAC) meeting on May 24, 2021 seeking input on their ideas on HCBS funding opportunities. HSD continues to keep Tribal Leadership and partners engaged and has had the following engagements to date:

- Tribal Medicaid Advisory Committee representation was invited to participate in the Stakeholder Session held on July 1, 2021.
- Additional NATAC meeting held on October 1, 2021 devoting time seeking additional input from our tribal partners throughout this process.
- HSD is working in collaboration with the ALTSD, Office of Indian Elder Affairs (OIEA). The OIEA manages contracting for Adult Day Care (ADC) Facilities with five of New Mexico's Pueblos – Isleta, Santa Clara, Zuni, Santa Ana, and Taos. Each of these Pueblos have the potential to add HCBS to their programs. Each have indicated an interest and the Department is awaiting guidance from the pueblos regarding desired timeline for additional engagement and proposal development.
- Outreach and education efforts to Tribal Nations and Pueblos, which included email notification of the HCBS spending plan through tribal notification, introduction, and updates of the spending plan during NATAC meetings.

- Providing additional updates and seeking additional input at the Indian Affairs Department bi-weekly Tribal leaders meetings.
- Individual outreach to tribes that have expressed an interest in providing feedback and receiving funding for possible services in tribal communities.
- The Pueblos of Santo Domingo, San Felipe, and Cochiti requested a meeting with the ALTSD Cabinet Secretary, Katrina Hotrum-Lopez and HSD Leadership, which was held on November 16, 2021 to discuss the potential of developing an Adult Day Care facility near the KEWA Clinic to serve the three Pueblos.
- During HSD's Medicaid 1115 Demonstration Waiver Renewal process, several tribal sessions were held in addition to a formal Tribal Consultation on October 14, 2022 to obtain valuable input on the current Centennial Care 2.0 Medicaid program, including HCBS enhancements that were under consideration. The following eight tribes were represented during the Tribal Consultation; however, there may have been other Native Americans representing New Mexico Tribes that elected not to introduce themselves or note their attendance: Pueblo of Acoma; Pueblo of Laguna; Ohkay Owingeh; Santa Ana Pueblo; Santo Domingo Pueblo; Pueblo of Taos; Ft. Sill Apache Nation; and Jicarilla Apache Nation. During the Tribal Consultation, HSD received 4 comments that did not result in changes to HSD's waiver renewal application. HSD will work closely with tribal partners during implementation planning to ensure programs and services are implemented effectively.

Seeking advice and comments from New Mexico's Indian Nations, Tribes, Pueblos and their health care providers is an important component of the government-to-government relationship with the State of New Mexico. The development of these services among all interested tribal entities will require technical and programming support, which can be provided through these various HCBS proposals.

IV. Spending Plan Narrative

New Mexico is submitting its semi-annual HCBS spending plan and narrative to CMS that provides information on the state's proposed ARPA section 9817 activities and the connection between the spending plan projection and the scope of the activities. New Mexico's activities enhance, expand, and/or strengthen HCBS under the state's Medicaid program, and include short-term activities that will be implemented in response to the COVID-19 public health emergency (PHE), as well as longer-term strategies that will have an impact on sustaining effective programs and services, including temporary administrative expenses to support the implementation of these initiatives.

HSD has identified four pillars that guide our spending objectives for enhancing, expanding, and strengthening HCBS under our Medicaid program. The activities within each focus area will be implemented in three phases as HSD continues to gather data and stakeholder input on proposed activities. Each proposal includes Phase 1, 2, or 3 designations based on implementation readiness. Phase 1 are those activities HSD has worked through in greater detail with our stakeholders, sister agencies and the Governor's office, and identified the preliminary costs/spend associated with the proposed activities. These are activities ready to implement and have known estimated expenditures. The Phase 2 activities are those that HSD is continuing to work through with our stakeholders and state partners and is interested in CMS' initial feedback on the proposed activities. These

activities are still being operationalized and estimated expenditures are under development. Phase 3 activities are proposals that require further stakeholder engagement and development. Our proposals are categorized under the following pillars, which serve as our guiding principles in our HCBS spending approach:

- Investing in our Medicaid HCBS workforce
- Expanding our HCBS infrastructure
- Improving and expanding access to HCBS services through navigation systems
- Providing new and/or expanding existing HCBS services

Semi-Annual Spending Plan and Narrative Update for Q3 FY 2023

Proposals Prioritized Based on Available ARPA Funding

In the state's ongoing evaluation of ARPA proposals and available funding, New Mexico is prioritizing the following proposals and will utilize ARPA funding to operationalize components of the proposals as appropriate federal authority is obtained from CMS:

- W.1, Contract for Statewide Needs Assessment and HCBS Provider Capacity Study
- W.2, Temporary Economic Recovery Payments
- S.1, Add Community Benefit Slots
- S.2, Add Home and Community-Based Waiver Slots
- S.4, Assistive Technology Increase
- S.5, Environmental Modifications Increase
- S.6, Transition Services Increase

The following ARPA proposals have also been prioritized by the state, but New Mexico does not plan to utilize ARPA funding at this time to operationalize. Appropriate federal authority will be obtained from CMS, as appropriate, prior to operationalizing.

- Proposal I.9, Strengthen Monitoring of HCBS Waiver Assurances in the Community Benefit
- N.8, Closed Loop Referral System
- S.3, High Fidelity Wraparound Expansion
- S.8, Covering Meals for Enrollees Residing Independently
- S.10, Intensive Case Management Services for Children in State Custody

Detailed updates on each of the above proposals are outlined below under the respective proposals. New Mexico will continue to evaluate the remaining ARPA proposals in its ongoing assessment of program refinements and enhancements, including priority and feasibility based on available funding.

CMS Pending Requests

On April 15, 2022, September 28, 2022, and December 13, 2022, New Mexico received feedback from CMS on its reporting, which will be addressed as HCBS proposals are prioritized by the state, submissions come due, and technical assistance is provided by CMS. Below is a high-level summary of the feedback received from CMS.

- **April 2022 Feedback:** CMS provided questions on HSD’s proposal, *S.3 High Fidelity Wraparound Expansion*. HSD provided formal responses on April 15, 2022 by email. CMS’ questions and HSD’s responses are detailed below under the respective proposal.
- **September 2022 Feedback:** CMS requested information on the following proposals and per CMS technical assistance on January 23, 2023, CMS is allowing the state to address if the proposals are prioritized by the state:
 - W.8, Increase Statewide Network of Certified Family Peer Support Workers and Peer Support Workers to Support Families and Individuals with Autism Spectrum Disorder (ASD)/Intellectual Developmental Disabilities (IDD)
 - I.1, Infrastructure payments for BH facilities delivering rehabilitation services
 - I.2, Adult Day Care Site Funding
 - I.4, Supportive Housing Units
 - I.7, Regional Interdisciplinary Behavior Support Teams
 - N.6, Revolving Trust

CMS also summarized opportunities available to New Mexico on reducing or eliminating Section 1915(c) waitlists as intended under HSD’s proposal, *S.2 Add Home and Community-Based Waiver Slots*. CMS’ detailed requests and noted opportunities are outlined below under the respective proposals.

- **December 2022 Feedback:** CMS clarified expectations for quantitative reporting in the upcoming Q3 FY 2023 Spending Plan and Narrative submission. To meet CMS quantitative reporting requirements, CMS referred the state to page 2 of the “Helpful Tips” document, revised December 2022, and the checklist for the quantitative information that should be contained in the state’s submissions. CMS indicated that New Mexico’s quantitative Q2 FY 2023 submission did not provide projected and actual spending amounts, by quarter, for all activities. CMS also requested that the state include the expenditures it anticipates expending through June 30, 2025 and emphasized the importance of including these expenditures due to program requirements, including the Maintenance of Effort (MOE), which are in effect until state funds equivalent to the funds attributable to the increased FMAP are fully expended. CMS asked New Mexico to revise its reporting accordingly for the Q3 FY 2023 submission; however, per CMS technical assistance on January 23, 2023, HSD and CMS agreed that it was permissible to only include state prioritized proposals in the quantitative reporting, but further collaboration was needed to refine projected and actual spending reporting as the state’s current reporting is categorized by fee-for-service, Home and Community-Based Waiver, and Managed Care instead of by proposal/activity.

Additionally, CMS requested information on HSD's proposal, S.8 *Covering meals for Enrollees Residing Independently*, which is detailed below under the respective proposal.

Financial Updates

The total computable expenditure of reinvestment paid and reported through March 2022 for Year 1 is \$136,517,063 with state share funds to be used from the dollars available through the enhanced FMAP in Year 1 to be \$13,493,371, leaving approximately \$128,811,660. New Mexico drew down the enhanced 10% FMAP dollars on April 8, 2022 and April 22, 2022 through the standard federal fund request process for the payments made between April 1, 2021 and March 31, 2022. A summary of financial information, including updates to claiming, expenditures, and reinvestments are provided in Sections V and VI of this semi-annual report.

Quarterly Spending Plan Update for Q2 FY 2023

HSD submitted its Q2 FY 2023 HCBS ARPA Spending Plan (quantitative) reporting to CMS on 11/7/2022, which was approved by CMS on December 16, 2022. To review this quantitative reporting, please visit HSD's website at <https://www.hsd.state.nm.us/home-and-community-based-services-hcbs-american-rescue-plan-act-arpa/>.

Quarterly Spending Plan and Narrative Update for Q1 FY 2023

The State continues to prioritize the following two proposals this quarter:

W.2 – Temporary Economic Recovery Payments

S.2 – Add Home and Community-Based Waiver Slots

Detailed updates on these activities are included under the respective proposals below. Additionally, a status update for each proposal has been included. No new activities are being proposed this quarter; however, based on CMS' email approval and guidance on June 22, 2022, the state has made modifications to W.1 proposal to include the state's intention to apply rate increases for applicable providers as a result of assessment.

The total computable expenditure of reinvestment paid and reported through March 2022 for Year 1 is \$136,517,062 with state share funds to be used from the dollars available through the enhanced FMAP in Year 1 to be \$13,493,371, leaving approximately \$117,127,395. New Mexico drew down the enhanced 10% FMAP dollars on April 8, 2022 and April 22, 2022 through the standard federal fund request process for the payments made between April 1, 2021 and March 31, 2022. A summary of financial information, including updates to claiming, expenditures, and reinvestments are provided within this quarterly report.

New Mexico acknowledges that all activities have received "full" CMS approval on 5/18/22; however, the state has maintained the naming conventions used for the various approvals received to date (i.e., partial approval or conditional approval) for tracking. The state will continue to update activities with full descriptions and cost estimates as applicable. Additionally, New Mexico will continue to pursue necessary Medicaid authorities as the implementation of proposals are prioritized and planned for operation. Furthermore, the state has modified the references to quarters for consistent formatting in accordance with CMS' Helpful Tips documents.

Quarterly Spending Plan and Narrative Update for Q4 FY 2022

On March 31, 2022, the State shared its prioritization of approved proposals and intent to evaluate and further prioritize remaining proposals based on CMS approval and available funding. This quarter, New Mexico has prioritized the following two proposals for immediate implementation to offer urgently needed support to HCBS providers and to applicants currently waiting for HCBS:

- W.2, Temporary Economic Recovery Payment
- S.2, Add Home and Community-Based Waiver Slots

Detailed updates on these activities are included under the respective proposals below. Additionally, a status update for each proposal has been included. No new activities are being proposed this quarter.

The total computable of estimated expenditures remains the same as previously reported at \$296,602,302 in Year 1 with state share funds to be used from the dollars available through the enhanced FMAP in Year 1 to be \$28,432,008, leaving approximately \$87.6 million dollars remaining. New Mexico intends to draw down the enhanced 10% FMAP dollars in April 2022 through the standard expenditure reporting process for the timeframe of April 1, 2021 through March 31, 2022. Quantitative financial information, including updates to claiming, expenditures, and reinvestments will be available and reported in the State's Q1 FY 2023 Spend Plan submission due in July 2022.

Quarterly Spending Plan and Narrative Update for Q3 FY 2022

On September 27, 2021, CMS issued a Request for Additional Information (RAI) to HSD. On October 16, 2021, HSD responded to the RAI and outlined proposals with the highest priority. On November 5, 2021, CMS provided partial approval to HSD.

On February 3, 2022, HSD submitted an Expedited Request Letter to CMS in response to CMS's partial approval for the following three proposals:

- W.2 – Temporary Economic Recovery Payment
- I.1 – Behavioral Health Community Based Services Economic Recovery and Network Establishment Investment
- S.3 – High Fidelity Wraparound Expansion

On February 8, 2022, CMS provided conditional approval by email of these activities based on the additional information the State provided to CMS. The approval is conditioned upon the State obtaining CMS approval of each of the activities under the applicable Medicaid authority or authorities requested, and upon the State's continued compliance with requirements of the American Rescue Plan Act of 2021 Section 9817 as stated in the State Medicaid Director Letter (SMDL) #21-003. With HSD's FY 2022 Q3 quarterly submission, the State included all the details included in the State's February 3, 2022 letter to CMS, and indicated that CMS provided the State with conditional approval by email for these three activities on February 8, 2022.

The descriptions of proposed activities and estimated costs that are available have been included in this quarterly update of the spending plan. HSD is reporting zero expenditures for the quarters ending September 30, 2021 and December 31, 2021, as New Mexico recently received partial and conditional approval from CMS.

New Mexico anticipates drawing down the enhanced 10% FMAP dollars in April 2022 through the specified process for the timeframe of April 1, 2021 through March 31, 2022. To date, no activities have been implemented nor HCBS FMAP dollars spent on any activities. As implementation begins, future quarterly submissions will include the dollars spent by quarter and in total on each activity.

The state notes six new activities proposed for the first time in this Quarterly Update to the HCBS Spending Plan:

- W.3 – Training Program (additional activities added)
- W.8 – Increase Statewide Network of Certified Family Peer Support Workers and Peer Support Workers to Support Families and Individuals with Autism Spectrum Disorder (ASD)/Intellectual Developmental Disabilities (IDD)
- I.7 – Regional Interdisciplinary Behavior Support Teams
- I.8 – Electronic Visit Verification (EVV) Enhancement
- I.9 – Strengthen Monitoring of HCBS Waiver Assurances in the Community Benefit
- N.9 – Expand Education and Outreach to those who may qualify for Community Based Services

New Mexico remains committed to ensuring the targeted activities continue to address specific gaps in care and improve health outcomes for our most vulnerable HCBS populations. Section 9817 of the ARPA continues to provide the State with the opportunity to enhance, expand, and strengthen HCBS within our community; however, the process to obtain feedback and approval of outlined proposals has been a lengthy engagement and as a result, the State will evaluate proposals as they are approved by CMS to determine the level of priority and feasibility based on available funding.

Proposals are subject to continued review and evaluation by the state and final approval of any needed Medicaid authority by CMS. In accordance with HSD's RAI response, New Mexico has modified its numbering convention to include the identified pillar that guides our spending objectives and includes the corresponding proposal number.

Summary Table of HCBS Proposals

The following table summarizes the status of proposed activities in the Spending Plan and Narrative, and the expected Medicaid authorities needed to operationalize activities. It is intended to be used as a guide for CMS review, with hyperlinks to the actual activity descriptions, which include further detail on federal authorities pursued.

Table 1: Summary Table with Status of Each Activity and Federal Authorities Required

Proposal Number	Activity	Status of Activity	Federal Authorities Required
Workforce Pillar			
W.1	Contract for Statewide Needs Assessment and HCBS Provider Capacity Study	Partially Prioritized; ARPA funds will be used. CMS Partial Approval on 11/5/21	<ul style="list-style-type: none"> Public Assistance Cost Allocation Plan process for administrative activities Directed Payment Preprint, Disaster Relief (DR) State Plan Amendment (SPA), Regular SPA, Rate Certifications, and Managed Care Organization (MCO) Contract Amendments.
W.2	Temporary Economic Recovery Payment <ul style="list-style-type: none"> 15% Temporary Payment Increase 10% Temporary Payment Increase 5% Temporary Payment Increase 	Prioritized; ARPA funds will be used. CMS Conditional Approval on 2/8/22	<p>15% Temporary Payment Increase</p> <ul style="list-style-type: none"> Directed Payment Preprint, DR SPA, Appendix K for 1915(c) waivers, Rate Certifications, and MCO Contract Amendments. <p>10% and 5% Temporary Payment Increases</p> <ul style="list-style-type: none"> Directed Payment Preprint, Regular SPA, Appendix K for 1915(c) waivers, 1915(c) Waiver Amendments, Rate Certifications, and MCO Contract Amendments.
W.3	Training Program	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information	None needed
W.4	School-Based Investments	Remains under evaluation; ARPA funds have not been used.	None needed

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
		<p>CMS Approval on 5/18/22; requested additional information</p> <p>Under HSD development</p>	
W.5	Grant Program to Increase HCBS Workforce	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22; requested additional information</p> <p>Under HSD development</p>	None needed
W.6	Development Funding for Caregiver Cooperative	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22; requested additional information</p>	None needed
W.7	Faculty Endowments for Nursing Schools	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22; requested additional information</p>	None needed
W.8	Increase Statewide Network of Certified Family Peer Support Workers and Peer Support Workers to Families and Individuals with Autism Spectrum Disorder (ASD)/Intellectual Developmental Disabilities (IDD)	Remains under evaluation; ARPA funds have not been used.	None needed

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
Infrastructure Pillar			
I.1	Behavioral Health Community Based Services Economic Recovery and Network Establishment Investment	Remains under evaluation; ARPA funds have not been used. CMS Conditional Approval on 2/8/22	Directed Payment Preprint, Regular SPA, 1915(c) Waiver Amendments, Rate Certifications, and MCO Contract Amendments.
I.2	Adult Day Care Site Funding	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information	None needed
I.3	School-Based Services Infrastructure Investments	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information Under HSD development	None needed
I.4	Supportive Housing Units	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information	None needed

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
		Under HSD development	
I.5	Mi Via Program Changes	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22; requested additional information</p> <p>Under HSD development</p>	None needed
I.6	Preadmission Screening and Resident Review (PASRR)	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22; requested additional information</p> <p>Under HSD development</p>	None needed
I.7	Regional Interdisciplinary Behavior Support Teams	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22</p> <p>Under HSD development</p>	None needed
I.8	Electronic Visit Verification Enhancement	Remains under evaluation; ARPA funds have not been used.	Under HSD evaluation

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
		CMS Approval on 5/18/22 Under HSD development	
I.9	Strengthen Monitoring of HCBS Waiver Assurances in the Community Benefit	Prioritized; ARPA funds will not be used. CMS Approval on 5/18/22 Under HSD development	None needed
Navigation Pillar			
N.1	Supports Waiver Outreach and Education Campaign	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	Administrative activity
N.2	Member Level Technology Investment	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	None needed
N.3	Upgrading Critical Incident Management Reporting Systems	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	Administrative activity

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
N.4	No Wrong Door Activities	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	None needed
N.5	Public Facing Central Registry	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	None needed
N.6	Revolving Trust	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information Under HSD development	Administrative activity
N.7	Establish an HCBS Ombudsman Program	Remains under evaluation; ARPA funds have not been used. CMS Approval on 5/18/22; requested additional information Under HSD development	None needed
N.8	Closed Loop Referral System	Prioritized; ARPA funds will not be used.	1115 Waiver Renewal Application

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
		<p>CMS Approval on 5/18/22; requested additional information</p> <p>Under HSD development</p>	
N.9	Expand Education and Outreach to those who may qualify for Community Based Services	<p>Remains under evaluation; ARPA funds have not been used.</p> <p>CMS Approval on 5/18/22</p> <p>Under HSD development</p>	Administrative activity
Services Pillar			
S.1	Add Community Benefit Slots	<p>Prioritized; ARPA funds will be used.</p> <p>CMS Partial Approval on 11/5/21</p>	Attachment K, 1115 Waiver Amendment #2, and 1115 Waiver Renewal Application
S.2	Add Home and Community-Based Waiver Slots	<p>Prioritized; ARPA funds will be used.</p> <p>CMS Partial Approval on 11/5/21</p>	1915(c) Waiver Amendments
S.3	High Fidelity Wrap Around Expansion	<p>Prioritized; ARPA funds will not be used.</p> <p>CMS Conditional Approval on 2/8/22</p>	1115 Waiver Amendment #2 and 1115 Waiver Renewal Application

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

Proposal Number	Activity	Status of Activity	Federal Authorities Required
S.4	Assistive Technology Increase	Prioritized; ARPA funds will be used. CMS Partial Approval on 11/5/21	1915(c) Waiver Amendments and Appendix K
S.5	Environmental Modifications Increase	Prioritized; ARPA funds will be used. CMS Partial Approval on 11/5/21	1115 Waiver Amendment #2 and 1115 Waiver Renewal Application for Community Benefit program, 1915(c) Waiver Amendments, and 1915(c) Appendix K
S.6	Transition Services Increase	Prioritized; ARPA funds will be used. CMS Partial Approval on 11/5/21	1115 Waiver Amendment #2 and 1115 Waiver Renewal Application
S.7	Medically Fragile Waiver Specialized Equipment Increase	Remains under evaluation; ARPA funds have not been used. CMS Partial Approval on 11/5/21	None needed
S.8	Covering Meals for Enrollees Residing Independently	Prioritized; ARPA funds will not be used. CMS Approval on 5/18/22; requested additional information	1115 Waiver Renewal Application
S.9	Habilitative Services Expansion	Remains under evaluation; ARPA funds have not been used.	Under HSD evaluation

Proposal Number	Activity	Status of Activity	Federal Authorities Required
		CMS Approval on 5/18/22; requested additional information Under HSD development	
S.10	Intensive Case Management Services for Children in State Custody	Prioritized; ARPA funds will not be used. CMS Approval on 5/18/22; requested additional information	1115 Waiver Renewal Application and MCO Contract Amendments

Workforce

- **Proposal W.1. Contract for Statewide Needs Assessment and HCBS Provider Capacity Study** (Phase 1) to expand, enhance, and strengthen HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: At this time, New Mexico does not plan to operationalize the assessment and study of activities under this proposal; however, HSD continues to pursue the required federal authorities to operationalize the permanent EPSDT PCS and PDN rate changes effective July 1, 2022, bringing reimbursement levels up to that of 1915(c) provider rates for reimbursement equity.
 - Directed Payment Preprint for 1/1/2022 – 12/31/2022 was approved by CMS on 9/29/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



September 29, 2022

Nicole Comeaux, Director
Medical Assistance Division, Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Nicole Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on September 8, 2022, and has a control name of NM_Fee_OTH2_New_20220101-20221231.

Specifically, the following proposal for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform increase for EPSDT services established by the state for Private Duty Nursing and Home Health Providers.
- Directed Payment Preprint Renewal for 1/1/2023 – 12/31/2023 was submitted to CMS on 1/31/2023 and is pending approval. On 2/14/2023, CMS issued round 1 questions, which are under HSD review.
- DR SPA was approved by CMS on 1/11/2023 to effectuate the rates retroactively 7/1/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



January 11, 2023

Ms. Nicole Comeaux
Director
Medical Assistance Division
New Mexico Human Services Department
2025 South Pacheco Drive
P.O. Box 2348
Santa Fe, New Mexico 87504-2348

Re: New Mexico State Plan Amendment (SPA) 22-0023

Dear Ms. Comeaux:

We conducted our review of your submittal according to the statutory requirements at section 1902(a) of the Act and implementing regulations. This letter is to inform you that New Mexico's Medicaid SPA Transmittal Number 22-0023 is approved effective July 1, 2022. This SPA is in addition to all previous approved Disaster Relief SPAs, and does not supersede anything approved in those SPAs.

- Regular SPA was submitted to CMS on 1/9/2023 and is pending approval. CMS provided preliminary comments/questions to HSD on 1/12/2023 and provided revised feedback 1/17/2023. HSD provided an overview of its SPA package to CMS on 1/26/2023. On 2/3/2023, HSD provided responses to CMS' preliminary comments/questions and provided updated SPA materials. On 2/7/2023, CMS escalated concerns related to SPA packages overlapping and provided recommendations to HSD on 2/13/2023. On 3/2/2023, HSD and CMS discussed the overlapping issues and on 3/13/2023, HSD provided recommended SPA changes. On 4/6/2023, CMS issued a formal Request for Additional Information (RAI) to provide CMS and HSD additional time to resolve the overlapping issues. On 4/13/2023, CMS provided recommended changes to the SPA language. On 4/17/2023, a technical assistance call was held between HSD and CMS to discuss CMS' recommended changes. On 4/19/2023, HSD provided modified SPA pages in accordance with the technical assistance call. Regular SPA remains under CMS review.
- CY2022 Rate Certification Reports for PH and LTSS were submitted to CMS on 12/29/2021 for the timeframe, January – December 2022. On 2/3/2022, CMS issued round 1 questions for the timeframe January – December 2022. On 3/31/2022, HSD submitted revised PH and LTSS reports for the timeframe, January – June 2022. On 4/27/2022, HSD provided responses to CMS' round 1 questions for the timeframe January – December 2022. On 6/30/2022, HSD submitted a second revision to its PH and LTSS reports for the

- timeframe January – June 2022 and submitted a revision to its PH and LTSS reports for the timeframe July – December 2022. On 7/19/2022, CMS issued round 1 questions for the timeframe July – December 2022. On 8/24/2022, HSD submitted responses to CMS' PH and LTSS round 1 questions for the timeframe, July – December 2022 and provided an updated PH report. On 9/1/2022, CMS requested additional information from the state concerning State Directed Payments referenced within the reports and HSD provided responses on 9/8/2022. Revised PH and LTSS rate reports for the timeframes of January – June 2022 and July 2022 – December 2022 remain under CMS review.
- CY2023 Rate Certification Reports for LTSS and PH were submitted to CMS on 12/21/2022. On 1/26/2023, CMS provided round 1 questions to the state and HSD responses as well as corresponding supplemental exhibits were provided to CMS on 2/10/2023. The reports remain under CMS review.
 - MCO Contract Amendment #6 was submitted to CMS on 12/30/2022. The state requested a status update from CMS on 3/13/2023 and the amendments remain under CMS review.
- Quarterly Update for Q1 FY 2023: On 6/9/22, HSD notified CMS of its intent to operationalize this proposal and apply rate increases for providers of Personal Care Services (PCS) and Private Duty Nursing (PDN) under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. HSD wanted to confirm that CMS approved these rate increases through available ARPA funds based on the current proposal language, if the state pursued and received approval of regular Medicaid authorities (e.g., State Plan Amendment, Directed Payment, and/or Waiver Amendments) to operationalize the rate increases. HSD clarified the following for CMS: state would report regular FMAP and use the 10% ARPA funds for the state share; PDN services are limited to PDN provided in the member's home and the state provided a list of codes for the rate increases; and PDN as well as PCS under EPSDT would be authorized under the managed care and fee-for-service delivery systems. CMS clarified that the state is required to seek regular Medicaid authority for contracts associated with the assessment and study, and such contracts are not able to be supported by enhanced ARP FMAP, but regular Medicaid authority for administrative functions (50/50) under the spending plan. Furthermore, the regular Medicaid authority for the state to claim the 50% Federal Financial Participation (administrative dollars) must be obtained through the Public Assistance Cost Allocation Plan (PACAP) process. CMS provided confirmation that the rate increases for services/providers that are identified in the May 2021 ARP SMDL are acceptable activities in the 9817 spending plan. CMS also emphasized that approval to operationalize the rate increases are subject to regular Medicaid authority and processes in which the state requests and obtains the authority to use state equivalent dollars and draw down regular FMAP. HSD is preparing a Directed Payment preprint, Disaster Relief State Plan Amendment, and Regular State Plan Amendment to operationalize the rate increases effective 7/1/22. The state will also follow the PACAP process to operationalize the assessment and study activities.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.

○ Activity Description:

- One-time investment to conduct an HCBS (MLTSS and 1915(c)) provider capacity study to build capacity and transform a critical safety net to support and empower New Mexicans.
- Includes service utilization review and direct service provider workforce assessment.
 - For the Community Benefit, the contractor will assess the current HCBS provider capacity. As NM seeks to add additional slots to the Community Benefit program, and as our state's population ages, we anticipate that enrollment will continue to increase. The contractor will study the statewide and local availability of providers to serve additional members in the Community Benefit. The study will include recommendations for continued provider capacity level monitoring. This will help ensure that NM has an adequate provider base and workforce to care for our disabled and elderly members.
 - For Section 1915(c) waiver programs, the contract will assess the need for providers and the current availability of providers in New Mexico. The contractor will also develop a needs assessment that can be used in the section 1915(c) waiver programs to assess level of need and to develop the annual budget, ensuring that all waiver participants receive the services they need, as assessed.
 - For providers of Personal Care Services (PCS) and Private Duty Nursing (PDN) under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, the contractor will be assessing the current need for providers, the availability of providers in New Mexico and ability to transition to and work in tandem with services under 1915(c) and/or Community Benefits. These efforts will assist the agency in targeting areas of greatest need with rate increases, training and payment incentives, and other efforts to work the workforce to meet the demand. Rates for PCS and PDN under the EPSDT benefit have not been increased since prior to 2006.
- This assessment will allow the state to determine key focus areas where additional incentives and supports are needed to expand HCBS provider networks that will expand, enhance or strengthen the State's ability to provide HCBS. Any additional initiatives identified through this study that require funding from the enhanced HCBS FMAP will be included in future quarterly updates.
- Activities are targeted at providers delivering services listed in Appendix B of the SMDL or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
- This activity is administrative in nature and presents an opportunity for one-time funding; no sustainability plan is required.

- Estimated total expenditures is \$500,000 in Year 1 with a total of \$250,000 of state share to be funded through the enhanced FMAP dollars available.
- **Proposal W.2. Temporary Economic Recovery Payment (Phase 1)** to enhance HCBS. (CMS Conditional Approval 2/8/2022)
 - Semi-Annual Update for Q3 FY 2023: HSD continues to pursue the required federal authorities with CMS to operationalize the temporary economic recovery payments and ARPA funds will be used. Following is a status update on each federal authority pursued for the temporary payments:
 - **15% Temporary Payment Increase, 5/1/2021 – 6/30/2022**
 - DR SPA was approved by CMS on 03/30/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 30, 2022

Ms. Nicole Comeaux
Director
Medical Assistance Division
New Mexico Human Services Department
2025 South Pacheco Drive
P.O. Box 2348
Santa Fe, New Mexico 87504-2348

Re: New Mexico State Plan Amendment (SPA) 22-0007

Dear Ms. Comeaux:

We have reviewed the proposed amendment to add section 7.4 Medicaid Disaster Relief for the COVID-19 National Emergency to your Medicaid state plan, as submitted under transmittal number (TN) 22-0007. This amendment proposes to implement temporary policies, which are different from those policies and procedures otherwise applied under your Medicaid state plan, during the period of the Presidential and Secretarial emergency declarations related to the COVID-19 outbreak (or any renewals thereof).

We conducted our review of your submittal according to the statutory requirements at section 1902(a) of the Act and implementing regulations. This letter is to inform you that New Mexico's Medicaid SPA Transmittal Number 22-0007 is approved effective May 1, 2021. This SPA is in addition to all previous approved Disaster Relief SPAs, and does not supersede anything approved in those SPAs.

- Appendix K for the 1915(c) waivers was approved by CMS on 03/16/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
 Centers for Medicare & Medicaid Services
 7500 Security Boulevard, Mail Stop S2-14-26
 Baltimore, Maryland 21244-1850



Disabled and Elderly Health Programs Group

March 16, 2022

Nicole Comeaux, Director
 Medical Assistance Division
 Human Services Department
 1 Plaza La Prensa
 Santa Fe, NM 87507

Dear Ms. Comeaux:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend the following 1915(c) Home and Community-Based Services (HCBS) waivers with the Emergency Preparedness and Response Appendix K in order to respond to the COVID-19 pandemic:

WAIVER TITLE	CMS AMENDMENT CONTROL NUMBER
Developmental Disabilities waiver	NM.0173.R07.01
Mi Via ICF/IDD waiver	NM.0448.R03.01
Medically Fragile waiver	NM.0223.R06.01
Supports waiver	NM.1726.R00.03

The state's approved Appendix K is effective from January 27, 2020 to six months after the end of the federal public health emergency (PHE) for COVID-19. The amendments that the state has requested in the Appendix K are additive to those previously approved; they apply in all locations served by the individual waivers for anyone impacted by COVID-19. CMS acknowledges effective May 1, 2021 through June 30, 2022, reimbursement rates for the waiver services are temporarily increased utilizing funds available under section 9817 of the American Rescue Plan (ARP).

- MCO Contract Amendment #5 was submitted to CMS on 12/29/2022 and HSD received notification from CMS on 9/20/2023 that the contract amendments were approved on 9/19/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

September 19, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Human Services Department
PO Box 2348
Santa Fe, NM 87504-2348

Re: New Mexico Managed Care Plan Contract Actions Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) completed review of New Mexico's MCO contract actions submitted on December 31, 2021 that incorporates changes to payment methodology descriptions, including a High Cost Member Risk Pool and a change to the MCOs' Medical Loss Ratio requirements.

We conducted our review of this contract actions according to statutory requirements of Title XIX of the Social Security Act and implementing Federal regulations. This letter is to inform you that the managed care plan contract actions shown in the table below are approved:

Contractor	State Contract Identifier	State Contract Action Identifier for Approved Contract Action	Effective Start and End Dates for Approved Contract Action
<i>Blue Cross Blue Shield</i>	<i>18-630-8000-0033 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>
<i>Presbyterian</i>	<i>18-630-8000-0034 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>
<i>Western Sky Community Care</i>	<i>18-630-8000-0035 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>

- Revised CY2021 Rate Certification Reports for PH and LTSS were submitted to CMS on 3/31/2022 for the timeframe, July – December 2021 and were approved by CMS on 9/22/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

September 20, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Human Services Department
P.O. Box 2348
Santa Fe, New Mexico 87504-2348

Re: New Mexico Managed Care Plan Contract Action(s) Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) completed review of New Mexico’s MCO contract actions submitted on March 31, 2022 that update the Physical Health and Long-Term Services and Supports rate tables for July through December 2021. The updated rate tables reflect the addition of Proposal W.2 Temporary Economic Recovery Payment from the State of New Mexico Human Services Division’s Spending Plan for the Implementation of the American Rescue Plan Act of 2021, Section 9817.

We conducted our review of this contract actions according to statutory requirements of Title XIX of the Social Security Act and implementing Federal regulations. This letter is to inform you that the managed care plan contract actions shown in the table below are approved:

Contractor	State Contract Identifier	State Contract Action Identifier for Approved Contract Action	Effective Start and End Dates for Approved Contract Action
Blue Cross and Blue Shield of New Mexico	18-630-8000-0033	July-December 2021 Rate Amendment 2	7/1/2021 – 12/31/2021
Presbyterian Health Plan of New Mexico	18-630-8000-0034	July-December 2021 Rate Amendment 2	7/1/2021 – 12/31/2021
Western Sky Community Care	18-630-8000-0035	July-December 2021 Rate Amendment 2	7/1/2021 – 12/31/2021

- CY2022 Rate Certification Reports for PH and LTSS were submitted to CMS on 12/29/2021 for the timeframe, January – December 2022. On 2/3/2022, CMS issued round 1 questions for the timeframe January – December 2022. On 3/31/2022, HSD submitted revised PH and LTSS reports for the timeframe, January – June 2022. On 4/27/2022, HSD provided responses to CMS’ round 1 questions for the timeframe January – December 2022. On 6/30/2022, HSD

submitted a second revision to its PH and LTSS reports for the timeframe January – June 2022 and submitted a revision to its PH and LTSS reports for the timeframe July – December 2022. On 7/19/2022, CMS issued round 1 questions for the timeframe July – December 2022. On 8/24/2022, HSD submitted responses to CMS' PH and LTSS round 1 questions for the timeframe, July – December 2022 and provided an updated PH report. On 9/1/2022, CMS requested additional information from the state concerning State Directed Payments referenced within the reports and HSD provided responses on 9/8/2022. Revised PH and LTSS rate reports for the timeframes of January – June 2022 and July 2022 – December 2022 remain under CMS review.

- Directed Payment Preprint for 1/1/2021 – 12/31/2021 was approved by CMS on 03/15/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 15, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Ms. Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on December 29, 2021, with subsequent revisions on February 25, 2022 and March 14, 2022, and has a control name of NM_Fee_HCBS_New_20210101-20211231.

Specifically, the following proposal for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2021 – December 31, 2021.

- Revised Directed Payment Preprint for 1/1/2021 – 12/31/2021 was approved by CMS on 03/31/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



March 31, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Ms. Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of an amendment for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The amendment was received by CMS on March 30, 2022.

Specifically, the following proposal amendment for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2021 – December 31, 2021.

- Directed Payment Preprint Renewal for 1/1/2022 – 12/31/2022 was approved by CMS on 3/31/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



March 31, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Ms. Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on March 29, 2022, and has a control name of NM_Fee_HCBS_Renewal_20220101-20221231.

Specifically, the following proposal for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2022 – December 31, 2022.

- Revised Directed Payment Preprint for 1/1/2022 – 12/31/2022 was approved by CMS on 11/17/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



November 17, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Nicole Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of an amendment for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The amendment was received by CMS on November 1, 2022 and has a control name of NM_Fee_HCBS_Amend_20220101-20221231.

Specifically, the following proposal amendment for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2022 – December 31, 2022.
- **10% Temporary Payment Increase, 7/1/2022 – 6/30/2023; 5% Temporary Payment Increase, 7/1/2023 – 6/30/2024**
 - Regular SPA was submitted to CMS on 8/1/2022. HSD provided an overview of its SPA package to CMS on 8/22/2022. On 8/26/2022, HSD received preliminary comments/questions from CMS. On 9/9/2022, HSD notified CMS of its intent to operationalize permanent EPSDT PDN and PCS rate increases, per Workforce Proposal 1 (W.1) above, prior to the temporary payment increases, so claims adjustments could occur once rather than multiple times. As a result, responses to the preliminary comments/questions wouldn't be provided to CMS until approval of the permanent rate increases were obtained from CMS under the appropriate federal authorities. On 9/19/2022, HSD and CMS discussed the state's intended actions. On 10/20/2022, CMS issued a formal Request for Additional Information (RAI) to provide HSD and CMS additional time to obtain the necessary approvals to effectuate the permanent rate increases under W.1. On 2/7/2023, CMS escalated concerns related to SPA packages overlapping and provided recommendations to HSD on 2/13/2023. On 3/2/2023, HSD and CMS

discussed the overlapping issues and on 3/13/2023, HSD provided recommended SPA changes. On 4/13/2023, CMS provided recommended changes. On 4/17/2023, a technical assistance call was held between HSD and CMS to discuss CMS' recommended changes. On 4/19/2023, HSD provided modified SPA pages in accordance with the technical assistance call. Regular SPA remains under CMS review.

- Appendix K for HSD's 1915(c) waivers was approved by CMS on 11/9/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Disabled and Elderly Health Programs Group

November 9, 2022

Nicole Comeaux, Director
Medical Assistance Division
Human Services Department
1 Plaza La Prensa
Santa Fe, NM 87507

Dear Director Comeaux:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend the following 1915(c) Home and Community-Based Services (HCBS) waivers with the Emergency Preparedness and Response Appendix K in order to respond to the COVID-19 pandemic:

WAIVER TITLE	CMS AMENDMENT CONTROL NUMBER
Developmental Disabilities waiver	NM.0173.R07.03
Medically Fragile waiver	NM.0223.R06.03
Mi Via waiver	NM.0448.R03.03
Supports waiver	NM.1726.R00.05

The state's approved Appendix K is effective from January 27, 2020 to six months after the end of the federal public health emergency (PHE) for COVID-19. The amendments that the state has requested in the Appendix K are additive to those previously approved; they apply in all locations served by the individual waivers for anyone impacted by COVID-19. CMS acknowledges beginning July 1, 2022, the state is temporarily increasing Assistive Technology benefit limits from \$500 to \$750; increasing HCBS Environmental Modifications benefit limits from \$5,000 to \$6,000 every five years; and implementing various rate increases for the identified waiver services within the Appendix K.

The state has identified its intent to use money realized from section 9817 of the ARP. Approval of this action does not constitute approval of the state's spending plan. The state must have an approved spending plan in order to use the money realized from section 9817 of the ARP.

- 1915(c) Waiver Amendments were submitted to CMS on 6/7/22 and 6/16/22 respectively.
 - Supports Waiver Amendment was approved by CMS on 11/15/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

November 15, 2022

Nicole Comeaux
Director, Medical Assistance Division
New Mexico Department of Human Services
Post Office Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 1726.R00.04 Amendment Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend NM Supports Waiver for Individuals with Intellectual Disabilities. The CMS Control Number for the amendment is NM 01726.R00.04. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state is permanently implementing phased economic recovery payments for all HCBS direct service providers of 10% and 5%, respectively, in waiver years 3 and 4 as approved in the state's Appendix K and in accordance with the American Rescue Plan. With this amendment, the state is also increasing the environmental modifications benefit limits (there is no negative impact to persons with self-directed budget limits) and increasing the transportation mile reimbursement rate. The effective date of the amendment is November 15, 2022.

- Medically Fragile Waiver Amendment was approved by CMS on 11/18/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

November 18, 2022

Nicole Comeaux
Director, Medical Assistance Division
New Mexico Department of Human Services
Post Office Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0223.R06.02 Amendments Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the New Mexico Supports Waiver for individuals who are aged and or physically disabled. The CMS Control Number for the amendment is NM 0223.R06.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state is approving, as is approved in the state's American Recovery Plan Act (ARPA) spending plan: a) Phased Economic Recovery Payments for all HCBS direct service providers of 10% and 5% respectively in waiver years 2 and 3, b) a temporary increase to Environmental Modifications benefit limits from \$5000 to \$6000 every 5 years through March 2024. The effective date of the amendment is November 18, 2022.

- Mi Via Waiver Amendment was approved by CMS on 12/6/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 6, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver New Mexico 0448.R03.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving the state's request to amend the New Mexico MiVia waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0448.R03.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state implements the American Rescue Plan (ARP) rate increases beyond the end of the public health emergency (PHE). The effective date of the amendment is date of approval.

- Developmental Disability Waiver (DDW) Amendment was approved by CMS on 12/7/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 7, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0173.R07.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the NM Developmental Disability waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0173.R07.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state implements the American Rescue Plan (ARP) rate increases beyond the end of the public health emergency (PHE). The effective date of the amendment is December 7, 2022.

- Directed Payment Preprint Renewal for 1/1/2022 – 12/31/2022 was approved by CMS on 3/31/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-26-12
Baltimore, Maryland 21244-1850



March 31, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Ms. Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on March 29, 2022, and has a control name of NM_Fee_HCBS_Renewal_20220101-20221231.

Specifically, the following proposal for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2022 – December 31, 2022.

- Revised Directed Payment Preprint for 1/1/2022 – 12/31/2022 was approved by CMS on 11/17/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



November 17, 2022

Nicole Comeaux
Director
State of New Mexico, Medical Assistance Division Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Dear Nicole Comeaux:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving New Mexico's submission of an amendment for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The amendment was received by CMS on November 1, 2022 and has a control name of NM_Fee_HCBS_Amend_20220101-20221231.

Specifically, the following proposal amendment for delivery system and provider payment initiatives (i.e. state directed payment) is approved:

- The uniform percentage increase for HCBS and personal care services for the rating period covering January 1, 2022 – December 31, 2022.
- Directed Payment Preprint Renewal for 1/1/2023 – 12/31/2023 submitted to CMS on 3/1/2023. On 3/2/2023, HSD submitted a modification to the preprint submission. The preprint renewal remains under CMS review.
- CY2022 Rate Certification Reports for PH and LTSS were submitted to CMS on 12/29/2021 for the timeframe, January – December 2022. On 2/3/2022, CMS issued round 1 questions for the timeframe January – December 2022. On 3/31/2022, HSD submitted revised PH and LTSS reports for the timeframe, January – June 2022. On 4/27/2022, HSD provided responses to CMS' round 1 questions for the timeframe January – December 2022. On 6/30/2022, HSD submitted a second revision to its PH and LTSS reports for the timeframe January – June 2022 and submitted a revision to its PH and LTSS reports for the timeframe July – December 2022. On 7/19/2022, CMS issued round 1 questions for the timeframe July – December 2022. On 8/24/2022, HSD submitted responses to CMS' PH and LTSS round 1 questions for the timeframe, July – December 2022 and provided an updated PH report. On 9/1/2022, CMS requested additional information from the state concerning State Directed Payments referenced within the reports and HSD provided responses on 9/8/2022. Revised PH and LTSS

rate reports for the timeframes of January – June 2022 and July 2022 – December 2022 remain under CMS review.

- CY2023 Rate Certification Reports for LTSS and PH were submitted to CMS on 12/21/2022. On 1/26/2023, CMS provided round 1 questions to the state and HSD responses as well as corresponding supplemental exhibits were provided to CMS on 2/10/2023. The reports remain under CMS review.
- MCO Contract Amendment #5 was submitted to CMS on 12/29/2022 and HSD received notification from CMS on 9/20/2023 that the contract amendments were approved on 9/19/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

September 19, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Human Services Department
PO Box 2348
Santa Fe, NM 87504-2348

Re: New Mexico Managed Care Plan Contract Actions Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) completed review of New Mexico’s MCO contract actions submitted on December 31, 2021 that incorporates changes to payment methodology descriptions, including a High Cost Member Risk Pool and a change to the MCOs’ Medical Loss Ratio requirements.

We conducted our review of this contract actions according to statutory requirements of Title XIX of the Social Security Act and implementing Federal regulations. This letter is to inform you that the managed care plan contract actions shown in the table below are approved:

Contractor	State Contract Identifier	State Contract Action Identifier for Approved Contract Action	Effective Start and End Dates for Approved Contract Action
<i>Blue Cross Blue Shield</i>	<i>18-630-8000-0033 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>
<i>Presbyterian</i>	<i>18-630-8000-0034 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>
<i>Western Sky Community Care</i>	<i>18-630-8000-0035 A5</i>	<i>Amendment 5</i>	<i>1/1/2021 - 12/31/2023</i>

- MCO Contract Amendment #6 was submitted to CMS on 12/30/2022. The state requested a status update from CMS on 3/13/2023 and the contract amendments remain under CMS review.

HSD and DOH have received inquiries on the percentage of payments that should be made to direct service providers. In accordance with the [Frequently Asked Questions](#) document released by HSD on 4/4/2022, HSD is clarifying that recovery payments can be used for hiring and retention of direct service providers, increased wages, training and support, direct worker bonuses, hazard pay, employment incentives, personal protective equipment (PPE), infrastructure, technology improvements, costs related to the Public Health Emergency (PHE), liability insurance, and/or other activities that enhance current HCBS delivery. HSD has not directed a specific percentage of payments to be made to direct service workers; however, providers are strongly encouraged to use recovery payments to support direct service workers as they have been essential to helping many New Mexicans stay safely in their homes throughout the PHE.

HSD is preparing guidance and information to operationalize the 10% and 5% temporary economic recovery payments following CMS' approval of required federal authorities, including the authorities required under Workforce Proposal 1 (W.1) above. Guidance includes: Provider Supplement, Letter of Direction, Frequently Asked Questions, and Press Release. HSD is also preparing a provider attestation that will be required as part of HSD's auditing efforts. Refer to HSD's [Frequently Asked Questions](#) document for more information on auditing expectations.

- Quarterly Update for Q1 FY 2023: HSD is preparing to operationalize the 10% temporary increases for July 1, 2022 – June 30, 2023. Following are updates on obtaining the necessary federal authorities to operationalize the 10% and 5% temporary increases to HCBS providers:
 - Directed Payment Preprint for Community Benefit providers under the Centennial Care 2.0 1115 Demonstration Waiver was submitted on March 29, 2022 and approved on March 31, 2022 under NM_Fee_HCBS_Renewal_20220101-20221231.
 - A Regular State Plan Amendment for EPSDT PCS and PDN providers has been prepared and will be submitted to CMS following the public comment period, 6/29/22 – 7/30/22.
 - The following Section 1915(c) Waiver Amendments were submitted to CMS for approval. HSD has adhered to all public notice requirements.
 - Developmental Disabilities Waiver (NM.0173.R07.01) was submitted to CMS on 6/16/22.
 - Mi Via Waiver (NM.0448.R03.01) was submitted to CMS on 6/7/22.
 - Medically Fragile Waiver (NM.0223.R06.01) was submitted to CMS on 6/7/22.
 - Supports Waiver (NM.1726.R00.03) was submitted to CMS on 6/7/2022.
 - MCO Contract Amendment #5 was submitted to CMS on 12/29/2021, which remains under review.
 - MCO rate amendments have been submitted to CMS, which remain under review.

- Quarterly Update for Q4 FY 2022: To date, the State has submitted all the necessary documents to obtain Medicaid authority for making the temporary 15% reimbursement increases to providers:
 - Disaster Relief (DR) State Plan Amendment (SPA), NM 22-0007 for EPSDT PCS and PDN providers was submitted to CMS on 03/01/2022 and approved on 03/30/2022.
 - Tribal Notification was issued on 03/16/2022 to New Mexico's Indian Nations, Tribes, Pueblos, and their health care providers for an opportunity to request tribal consultation by 04/15/2022.
 - Appendix K for the Developmental Disabilities Waiver (NM.0173.R07.01), Mi Via Waiver (NM.0448.R03.01), Medically Fragile Waiver (NM.0223.R06.01) and Supports Waiver (NM.1726.R00.03) was submitted to CMS on 03/01/2022 and approved on 03/16/2022.
 - Directed Payment Preprints for Community Benefit providers under the Centennial Care 2.0 1115 Demonstration Waiver were submitted and approved:
 - Directed Payment Preprint, NM_Fee_HCBS_New_20210101-20211231 submitted on 12/29/2021 and approved 03/15/2022.
 - Revised Directed Payment Preprint, NM_Fee_HCBS_AMEND_20210101-20211231 submitted on 03/29/2022 and approved on 03/31/2022.
 - Directed Payment Renewal, NM_Fee_HCBS_Renewal_20220101-20221231 submitted on 03/29/2022 and approved 03/31/2022.
 - MCO Contract Amendment #5 was submitted to CMS on 12/29/2021, which remains under CMS review.
 - MCO Rate Amendment submitted 12/29/2021, which remains under CMS review.

Separately, New Mexico issued the following communications for the temporary 15% reimbursement increases:

- Provider [Supplement 22-04](#) to participating Medicaid providers impacted by the temporary payment increase.
- [Letter of Direction #79](#) to Managed Care Organizations with guidance on issuing payments to Medicaid providers impacted.
- [Frequently Asked Questions](#) to proactively address questions regarding the 15% HCBS provider reimbursement increase.
- [Press Release](#) notifying New Mexico communities of the time-limited payments to support our HCBS providers.

As of March 28, 2022, a total of approximately \$130 million has been spent on this activity to enhance, expand, and strengthen HCBS through the temporary 15% reimbursement increases. The State will provide its quantitative claiming, expenditure, and reinvestment financial

information to CMS in its FY 2023 Q1 quarterly report, following its standard expenditure report submission due April 30, 2022.

New Mexico is evaluating the subsequent 10% and 5% temporary reimbursement increases and available funding; however, the State proactively submitted draft waiver amendments to CMS 04/13/2022 requesting federal authority to implement these increases through the Developmental Disabilities Waiver (NM.019.07.01), Mi Via Waiver (NM.015.03.01), Medically Fragile Waiver (NM.019.07.01), and Supports Waiver (NM.025.00.01).

- Formal notice for public comment was issued 04/15/2022 with an opportunity to provide feedback by 05/04/2022.
 - Tribal notice was issued 03/29/2022 to inform tribal leaders and tribal healthcare providers of the opportunity to provide feedback by 05/30/2022.
 - On 04/28/2022, the state intends to send a notice to all interested parties summarizing the proposed changes to the waiver renewal and notification of public hearing. The notice will provide the web link to the full waiver application website posting on the HSD webpage. Notice for public comment was published on 04/15/2022. Public Hearing is scheduled for 05/30/2022.
- Activity Description:
- Temporary percentage increase in payments for all HCBS (MLTSS, 1915(c), and EPSDT) providers phased down over a period of 3 years:
 - 15% reimbursement increase in year one (May 1, 2021 to June 30, 2022)
 - 10% reimbursement increase in year two (July 1, 2022 to June 30, 2023)
 - 5% reimbursement increase in year three (July 1, 2023 to June 30, 2024)
 - We recognize that the duration of each increase does not align with the calendar year contract period; however, HSD does not intend to increase HCBS provider reimbursement retroactive to January 1, 2021 as that would become the required reimbursement level for maintenance of effort purposes. HSD understands the current deadline to expend funds is March 31, 2024, and CMS has indicated a willingness to extend the period for a year if a state demonstrates a good-faith effort in expending the funds. HSD is requesting an extension to spend the funds through at least June 30, 2024 for this initiative.
 - When the state fully expends the funds, the HCBS provider rates would return to the levels effective as of April 1, 2021.
 - Recovery payments can be used for retention, personal protective equipment (PPE), hazard pay, training, infrastructure, and/or technology improvements, to enhance current HCBS delivery.
 - For the Community Benefit available through the 1115 Demonstration, these payments will be given to current providers to help offset costs related to the PHE, including but not limited to increased wages and employment incentives,

training, and increased liability insurance. This will ensure that New Mexico has an adequate provider base and workforce to care for our disabled and elderly members. For these MLTSS provider payments, HSD submitted a directed payment preprint to CMS on December 29, 2021 for the period of May 2021 through December 2021 designed to direct the Managed Care Organizations to pay providers respectively. HSD plans to submit the directed payment preprint for the period covering calendar year 2022 by March 31, 2022.

- For the Section 1915(c) waiver program providers, payments will also be used to offset costs related to the PHE, including hiring and retention of direct service providers, increased wages, training, and support. The payments will provide funding to support the current HCBS waiver system. For these 1915c provider payments, HSD intends to submit an Appendix K and permanent 1915(c) Waiver Amendments to address the change in rate methodology and obtain Medicaid authority for such payments impacting providers serving 1915(c) waiver participants.
 - For providers of Personal Care Services (PCS) and Private Duty Nursing (PDN) under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, payments will also be used to offset costs related to the PHE, including hiring and retention of direct service providers, increased wages, training, and support. This will ensure that New Mexico has an adequate provider base and workforce to care for our eligible members under the age of 21. For these provider payments, HSD intends to submit a Disaster State Plan Amendment (SPA) and regular SPA to address the change to the fee schedule and obtain Medicaid authority for such payments impacting providers serving EPSDT participants.
- We intend to require a specified percentage of the temporary payment increases to be paid by the agency to direct care workers.
 - The recovery payments will be provided to MLTSS, 1915(c), and EPSDT (PCS and PDN) providers delivering services listed in Appendix B of the SMDL or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - Activities outlined within this proposal are not administrative in nature but intended to support HCBS providers. These payments are intended to be time-limited and will not require a sustainability plan.
 - Estimated total expenditures are \$165,000,000 in Year 1, \$110,000,000 in Year 2, and \$55,000,000 in Year 3, with the state share funded through the HCBS FMAP dollars to be \$19,300,000 in Year 1, \$29,000,000 in Year 2, and \$14,500,000 in Year 3.

- **Proposal W.3. Training Program** (Phase 1 and 2) to enhance delivery of HCBS. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has engaged in additional planning meetings with the University of New Mexico, Center for Development and Disability (UNM/CDD) during this quarter. HSD is clarifying that trainings and activities are intended to: increase expertise in autism spectrum disorders and care for others with intellectual and developmental disabilities; increase the number of nurses trained for providing at home care to medically fragile participants; and assess capacity and make recommendations for additional services targeted at participants with a traumatic brain injury.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - **Training Unit (Phase 1 and 2)**: In coordination with the University of New Mexico Government Resource Center and Center for Development & Disability, the training unit pilot would gather national resources and build an infrastructure of trainers and/or training resources in New Mexico in areas such as Applied Behavioral Analysis (ABA), trauma responsive training, training for families providing In Home Living Supports (IHLS), Autism Spectrum Disorders (ASD), etc.
 - Phase 2 - Nursing students would receive targeted training in the home care of medically fragile children and young-adults and would include home-based clinical internships and in-service trainings. The training program will ensure an adequate provider network for the Medically Fragile Waiver program.
 - Phase 2 - The Center will develop expertise in high needs areas such as ABA provision and facilitate certification of providers to increase the number of skilled HCBS providers statewide.
 - Phase 2 - The Center will develop an online repository of training and tools for parents, families, and caretakers to assist them in taking care of members with Intellectual Developmental Disabilities.
 - Phase 1 - The Center will develop an Autism Spectrum Disorders (ASD) endorsement. This endorsement will be available to all behavioral health workers to ensure that behavioral health personnel have the opportunity for increased information regarding individuals with Autism. This endorsement will likely be a series of training modules to cover the basics of ASD, including characteristics, diagnosis, co-morbid conditions, state system supports generally necessary for families and individuals with ASD and other relevant topics. Continuing education units will be attached to this endorsement, making it useful for those seeking and maintaining certification and licensure. Development of such an endorsement will ensure that community

behavioral/mental health workers and others will be able to fully support those with ASD.

- Phase 2 - The center will review the current array of all Community Benefit services and identify if additional or alternate services would better serve our members with Traumatic Brain Injury (TBI) or behavioral health concerns.
 - **Statewide Training Program (Phase 2):** Targeted specifically for direct care workers (MLTSS) leveraging online learning (multiple languages and cultural competency).
 - **Pediatric Simulation Lab (Phase 2):** Funding to create a pediatric simulation lab and course for the treatment of medically fragile children to help educate nursing students about the medically fragile population and community nursing.
 - Activities will expand, enhance, or strengthen HCBS under Medicaid by providing training resources to the direct care workforce.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is administrative in nature; the State will continue negotiations with UNM to fund this effort through a Certified Public Expenditure (CPE) arrangement after March 2024.
 - Estimated total expenditures are \$7,200,000 in Year 1 and \$4,400,000 in Year 2. The total state share to be funded with enhanced HCBS FMAP dollars is \$3,600,000 in Year 1 and \$2,200,000 in Year 2.
- **Proposal W.4. School-based Investments (Phase 2) to expand delivery of school-based services. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - One-time funding to schools to hire eligible providers under the school Medicaid program, giving the schools a (2–3 year) "runway" to start delivering services and build billing/reimbursement infrastructure to sustain those positions with Medicaid funding after the one-time funding.

- This expansion would strengthen the existing school-based services delivery to children with an Individualized Education Plan (IEP) and Individualized Family Services Plan (IFSP) as a result of increased staffing, training, technology and infrastructure investment.
 - This proposal would support the expansion of the delivery of Medicaid reimbursable services in schools beyond those children with an IEP or IFSP.
 - New Mexico will be seeking guidance from CMS on whether these expanded services will meet the criteria outlined in Appendix B of the State Medicaid Director Letter #21-003.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is administrative in nature and will be sustained by regular Medicaid reimbursement to these providers following the start-up period funded by the enhanced HCBS FMAP dollars.
 - New Mexico intends to submit a State Plan Amendment to expand the current school-based services program to include coverage for any medically necessary services provided by enrolled school-based providers through a Section 504 Accommodation Plan pursuant to 34 C.F.R. 104.36, an Individual Health Care Plan, or are otherwise medically necessary as appropriate for each covered service.
 - The total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.
- **Proposal W.5. Grant Program to Increase HCBS Workforce** (Phase 2) to expand and enhance HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Provide grants to clinics, physician offices, hospitals, private duty nursing (provided in the home), home health, or other clinical providers for the purposes of loan repayment, sign-on bonuses, training, and certification costs.

- This initiative creates the opportunity for providers to seek funding for the purposes of loan repayment, sign-on bonuses, training, and the costs of seeking and maintaining appropriate provider certification credentials. These grants will create financial incentives to expand the number of providers, improve retention rates, and increase expertise and skills of the HCBS workforce.
 - The providers targeted for these grants provide services listed in Appendix B or that could be listed in Appendix B of the State Medicaid Director Letter (SMDL). These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - The estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.
- **Proposal W.6. Development Funding for Caregiver Cooperative (Phase 2)** to expand HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Support ALTSD by building upon the existing Caregiver Cooperative program to help bolster the HCBS workforce. This program would support caregivers in forming their own businesses providing care in home and community settings.
 - To expand the development of the Caregiver Cooperative Initiative to provide incubation and infrastructure support to cooperatives focused on high quality caregiving. The funding would assist with the start-up consultation and costs for individuals with caregiving experience, including both professionals and families, to form and sustain a cooperative focused on caregiving to allow more New Mexicans to age in their homes and avoid an institutional setting. Infrastructure support would include start-up costs, business development, technical assistance needs, implementation plans and project manager.

- Some caregiver cooperatives may branch out to assist with staffing shortages in Medicaid contracted assisted living facilities (not institutional settings) to manage the day-to-day operations and provide direct care services to residents.
 - The overall goal is to develop a sustainable caregiver workforce through innovation and small business development.
 - This initiative will bring focus on the importance of caregivers throughout the state as well as provide living wages to the caregivers, making it a viable career option.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - The total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are \$58,000 (\$6,800 state funds) in year 1, \$298,000 (\$78,500 state funds) in year 2, and \$800,000 (\$211,000 state funds) in year 3.
- **Proposal W.7. Faculty endowments for Nursing Schools** (Phase 2) to expand HCBS. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Support the recruitment and retention of professors and slots for nursing school students supporting HCBS programs. Endow nursing teaching positions at higher education institutions to expand the capacity of the programs to serve more students. May consider endowing other critical positions that might be needed to support the expansion, particularly as it relates to encouraging nurse graduates to work in the HCBS field. This initiative remains under development.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).

- This activity is administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - The estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are under development.
- **Proposal W.8. Increase Statewide Network of Certified Family Peer Support Workers and Peer Support Workers to Support Families and Individuals with Autism Spectrum Disorder (ASD)/Intellectual Developmental Disabilities (IDD) (Phase 1) to expand HCBS. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS specified that it continues to review HSD's request to extend expenditure 9817 funding through June 30, 2025. This proposal remains under HSD evaluation and ARPA funds have not been used. As a result, HSD requests that CMS postpone its review until HSD decides to operationalize proposal.
 - Quarterly Update for FY 2023 Q1: HSD has engaged in additional planning meetings with the University of New Mexico, Center for Development and Disability (UNM/CDD) during this quarter. HSD is clarifying that activities expand HCBS by increasing the available provider network for peer support workers.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - This initiative proposes to increase both Certified Peer Support Workers as well as Certified Family Peer Support Workers to continue to provide essential, individual non-clinical support.
 - Individuals will be hired throughout the state to provide support in the communities that they reside. This network of workers will have a grounding in the support work as well as in the specific needs of those individuals with ASD/IDD and their families. They will have the resources and support of the Center for Development and Disability Autism Programs to ensure that they provide families and individuals with ASD/IDD the most relevant and reliable information possible, while providing wrap around services. These support workers will be a part of the Regional Interdisciplinary Behavior Support Teams (Proposal I.7) and will assist families in identifying the best supports based on client needs, assist in navigating systems and accessing identified HCBS services.
 - This proposal includes 10 Certified Family Peer Support Workers and 6 Certified Peer Support Workers, statewide travel, and specific training on ASD/IDD.
 - Technology support (tablets and iPhones) will be provided to enable workers to be effective in the community they serve.
 - Activities are targeted at Behavioral Health Rehabilitative providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term

Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).

- This activity is not considered to be administrative in nature. Following the start-up period funded with the enhanced HCBS FMAP dollars, these positions will be sustained through regular Medicaid service billing.
- HSD understands the current deadline to expend funds is March 31, 2024, and CMS has indicated a willingness to extend the period for a year if a state demonstrates a good-faith effort in expending the funds. HSD is requesting an extension to spend the funds through at least March 31, 2025 for this initiative; however, would appreciate until June 30, 2025 as HSD intends to execute a contract with a term based on fiscal year.
- Estimated total expenditures are \$767,000 (\$78,387 state funds) in Year 1, \$725,000 (\$180,960 state funds) in Year 2, and \$725,000 (\$193,865 state funds) in Year 3.

Infrastructure

- **Proposal I.1. Behavioral Health Community Based Services Economic Recovery and Network Establishment Investment (Phase 1)** to enhance HCBS delivery. (CMS Conditional Approval 2/8/2022)
 - Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS asked the state to confirm whether any of the behavioral health facilities are HCBS settings subject to the HCBS settings final rule requirements. CMS also indicated that capital investment costs are permissible uses of funds to enhance, expand, or strengthen HCBS under section 9817 of the ARP; however, states must demonstrate how capital investments would enhance, expand, or strengthen HCBS and ensure that capital investments, as applicable, will result in settings that are fully compliant with federal HCBS settings regulations. CMS reminded HSD that approval of capital investment costs in ARP section 9817 spending plans and narratives does not authorize such activities for Federal Financial Participation (FFP). CMS asked HSD to specify whether this portion of the activity would be funded through 9817 reinvestment funds only.

Per CMS' technical assistance on 1/23/2023, the state will be required to address the referenced requests, if the proposal is prioritized by the state. This proposal remains under evaluation by HSD; ARPA funds have not been used.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Activity 1: One-time infrastructure payments to behavioral health (BH) facilities delivering rehabilitative services to assist with purchase of technology platforms,

vehicles, construction, buildings, etc. Making investments in infrastructure will help facilitate incorporation of HCBS into interoperable electronic health records (EHRs).

- Payments will be used to cover individual telecommunications start-up costs, such as equipment, and internet connectivity activation costs to support HCBS.
 - HSD will not pay for ongoing internet connectivity costs and capital investment costs.
- Activity 2: Temporary percentage increase in payments to Behavioral Health (BH) providers delivering rehabilitative services phased down over a period of 3 years:
 - 15% reimbursement increase in year one (May 1, 2021 to June 30, 2022)
 - 10% reimbursement increase in year two (July 1, 2022 to June 30, 2023)
 - 5% reimbursement increase in year three (July 1, 2023 to June 30, 2024)
 - We recognize that the duration of each increase does not align with the calendar year contract period; however, HSD does not intend to increase HCBS provider reimbursement retroactive to January 1, 2021 as that would become the required reimbursement level for maintenance of effort purposes. HSD understands the current deadline to expend funds is March 31, 2024, and CMS has indicated a willingness to extend the period for a year if a state demonstrates a good-faith effort in expending the funds. HSD is requesting an extension to spend the funds through at least June 30, 2024 for this initiative.
 - When the state fully expends the funds, the BH provider rates would return to the levels effective as of April 1, 2021.
 - For these provider payments, HSD intends to submit a Disaster State Plan Amendment and a regular State Plan Amendment to address the change to the fee schedule and obtain Medicaid authority for such payments impacting BH providers rendering rehabilitative services. These rate investments are intended to restore stability and allow for growth of the behavioral health network of providers in New Mexico, in response to a period of severe rate disparities and provider shortages.
 - For both activities, payments will be provided to BH providers delivering rehabilitative services listed in Appendix B of the SMDL or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - Activities outlined within this proposal are not administrative in nature but intended to support HCBS providers. These payments are intended to be time-limited and will not require a sustainability plan.
 - Estimated total expenditures for both activities over the three year period are \$114,388,661, with the state share funded through the HCBS FMAP dollars at \$20,132,312. New Mexico will continue to update amounts with each quarterly update.

- **Proposal I.2. Adult Day Care Site Funding (Phase 2)** to enhance HCBS. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS asked HSD if the state planned to pay for capital investment costs as part of this activity and reminded the state that capital investment costs are permissible uses of funds to enhance, expand, or strengthen HCBS under section 9817 of the ARP; however, states must demonstrate how capital investments would enhance, expand, or strengthen HCBS and ensure that capital investments will result in settings that are fully compliant with federal HCBS settings regulations. CMS noted that HSD's proposal does not currently specify capital investment costs and compliance with the Medicaid HCBS settings final rule. CMS also noted that approval of capital investment costs in ARP section 9817 spending plans and narratives does not authorize such activities for Federal Financial Participation (FFP).

Per CMS' technical assistance on 1/23/2023, the state will be required to address the referenced requests, if the proposal is prioritized by the state. This proposal remains under evaluation by HSD; ARPA funds have not been used.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Provide funding for a minimum of four adult day care and/or respite caregiver sites in the most rural communities in New Mexico following completion of needs assessment and provider capacity assessment to enhance HCBS.
 - Activities are targeted at MLTSS and 1915(c) providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This proposal will enhance HCBS by creating more adult day care and respite services sites to serve members in rural communities.
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures for this initiative are \$500,000 in Year 1, \$250,000 in Year 2, and \$250,000 in Year 3, with the state share funded through the HCBS FMAP dollars to be \$58,500 in Year 1, \$65,800 in Year 2, and \$66,000 in Year 3.

- **Proposal I.3. School-based Services Infrastructure Investments (Phase 2)** to enhance HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Support school-based services through investments in equipment and training for school health teams (i.e., district nurse manager, school nurse, SBHC, school counselor, parahealth professionals providing services through Individualized Education Program (IEP)) to pilot the delivery of free care rule reversal services, which will expand physical and behavioral health care services to any student regardless if an IEP exists.
 - Activities are targeted at School Based Service providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not administrative in nature and will be sustained by regular Medicaid reimbursement to these providers following the start-up period funded by the enhanced HCBS FMAP dollars.
 - New Mexico intends to submit a State Plan Amendment to expand the current school-based services program to include coverage for any medically necessary services provided by enrolled school-based providers through a Section 504 Accommodation Plan pursuant to 34 C.F.R. 104.36, an Individual Health Care Plan, or are otherwise medically necessary as appropriate for each covered service.
 - Estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.

- **Proposal I.4. Supportive Housing Units (Phase 3)** to strengthen HCBS. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS requested HSD to note in its spending plan how these capital investments will result in settings that are fully compliant with federal HCBS settings regulations as they relate to each type of housing listed. CMS noted that HSD's current spending plan and narrative does not specify compliance with the Medicaid HCBS settings final rule. CMS also noted that approval of capital investment costs in ARP section 9817 spending plans and narratives does not authorize such activities for Federal Financial Participation (FFP).

Per CMS' technical assistance on 1/23/2023, the state will be required to address the referenced requests, if the proposal is prioritized by the state. This proposal remains under evaluation by HSD; ARPA funds have not been used.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Purchase regional group homes for disabled individuals (costs would include purchase, renovation, contracting with provider unit to support).
 - Purchase low-income housing for Medicaid eligible seniors (costs would include purchase, renovation, contracting with provider unit to support).
 - Evaluate and establish contracting arrangements with provider networks to provide HCBS services to members living in these settings.
 - These initiatives will increase the number of available Supportive Housing Units with sliding scale rent requirements and associated provider resources that are convenient and easily accessible. This would enable greater independence for members receiving HCBS and peace of mind for families that have loved ones living independently. This will also ensure that members have easy access to needed supports.
 - The activities included as part of our Supportive Housing Units proposal include capital investments but do not include payment for room and board.
 - The providers pursuing contracts to serve these residents are listed or could be listed in Appendix B of the State Medicaid Director Letter (SMDL). These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not administrative in nature and will be sustained by regular Medicaid reimbursement to the providers and rent payments from residents following the start-up period funded by the enhanced HCBS FMAP dollars.
 - Estimated total expenditures are \$8,000,000 in Phase 1, \$1,500,000 in Phase 2, and \$450,000 in Phase 3, with the state share funded through the HCBS FMAP dollars to be \$4,000,000 in Phase 1, \$750,000 in Phase 2, and \$225,000 in Phase 3.
- **Proposal I.5. Mi Via Program Changes** (Phase 2) to strengthen HCBS by supporting additional access to self-directed services. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Create infrastructure for corporate Employers of Record (EORs) similar to corporate guardianship provided through the New Mexico Developmental Disabilities Planning Council (DDPC) increasing access to self-direction.
 - This will require a review of the EOR system in use currently and development of contracted agencies to provide EOR services.
 - This activity does not provide for capital investment costs.
 - Activities are targeted to ensure service delivery to 1915(c) self-directed participants for services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - The estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.
- **Proposal I.6. Preadmission Screening and Resident Review (PASRR) (Phase 2) to strengthen HCBS by improving access to specialized services. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Create infrastructure for assessment and development of specialized services in PASRR (establishing provider network, identifying targeted participants and creation of database for tracking) to ensure timely delivery of specialized services, while strengthening the infrastructure to monitor service delivery.

- This activity does not provide for capital investment costs.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars, but specialized services will be eligible for Medicaid reimbursement on an ongoing basis.
 - The estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.
- **Proposal I.7. Regional Interdisciplinary Behavior Support Teams** (Phase 1) to strengthen HCBS. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS specified that it continues to review HSD's request to extend expenditure 9817 funding through June 30, 2025. This proposal remains under HSD evaluation and ARPA funds have not been used. As a result, HSD requests that CMS postpone its review until HSD decides to operationalize proposal.
 - Quarterly Update for Q1 FY 2023: HSD has engaged in additional planning meetings with the University of New Mexico, Center for Development and Disability (UNM/CDD) during this quarter. No actions towards implementation of this activity have occurred in the quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Develop the infrastructure to sustain an interdisciplinary behavioral support team(s) that provides needed behavioral services to families and individuals with Autism Spectrum Disorder (ASD)/Intellectual Developmental Disabilities (IDD). This includes the following staff to develop 4 interdisciplinary teams:
 - Four Board-Certified Behavior Analysts
 - 16 Behavior/Education Consultants
 - Four Social Workers
 - Two Clinical Psychologists
 - Consulting teams will provide training, technical assistance, consultation, and direct services. It is anticipated that two teams could be developed quickly; tasks will be accomplished through in-person and virtual telehealth.

- Focus will be on development of the model of support to include individual, client-specific behavior support; individual, client-specific behavioral/mental health supports; and training and consultation to community staff, families, caregivers, and others.
 - Services may include:
 - Home services and supports for families and individuals with ASD/IDD.
 - Group home support for individual residents and staff.
 - In-home support for treatment foster care families caring for individuals with ASD/IDD.
 - Support for individuals discharged from residential treatment centers.
 - Support for individuals for whom a residential treatment center may be necessary.
 - Behavioral/mental health support for individuals with ASD/IDD and co-morbid conditions such as specific treatment for anxiety, depression, and others.
 - These intervention teams will be recruited statewide. Teams will require support for travel, learning management system, and administration.
 - HSD understands the current deadline to expend funds is March 31, 2024, and CMS has indicated a willingness to extend the period for a year if a state demonstrates a good-faith effort in expending the funds. HSD is requesting an extension to spend the funds through at least March 31, 2025 for this initiative; however, would appreciate until June 30, 2025 as HSD intends to execute a contract with a term based on fiscal year.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not administrative in nature and will be sustained by regular Medicaid reimbursement to the providers following the start-up period funded by the enhanced HCBS FMAP dollars.
 - The estimated total expenditures are \$3,568,755 (\$406,245 state funds) in Year 1, \$3,238,726 (\$1,077,274 state funds) in Year 2 and \$3,063,001 (\$1,117,999 state funds) in Year 3, and associated state share to be funded through the enhanced HCBS FMAP dollars are currently under development.
- **Proposal I.8. Electronic Visit Verification (EVV) Enhancement (Phase 2)** to strengthen HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: Although this proposal remains under evaluation by HSD and ARPA funds have not been used, HSD will continue its efforts to strengthen and refine the EVV program. For more information and future updates on HSD's EVV activities, please visit

HSD's website at [Reports | New Mexico Human Services Department \(state.nm.us\)](https://www.nm.gov/reports) to review HSD's quarterly 1115 demonstration monitoring reports to CMS.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - New Mexico proposes a \$5,000 bonus to 1115 (MLTSS), EPSDT, and 1915c providers who have implemented or will be implementing EVV as required by the Cures Act. New Mexico will provide a second phase of bonus payments to home health providers when EVV is implemented for home health in 2023.
 - EVV is a federal requirement to ensure timely delivery of HCBS services. New Mexico intends to strengthen HCBS through the delivery of services by ensuring the correct service is provided on the correct date, time, and location. Additionally, the proposal will strengthen infrastructure for HCBS by ensuring that providers have the staff, tools, and training needed for successful implementation. This ensures the sustainability of HCBS providers and an adequate provider network.
 - Targeted providers in accordance with Appendix B of the State Medicaid Director Letter (SMDL) #21-003 will include 1115 MLTSS, EPSDT, and 1915c providers of HCBS services.
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - HSD intends to submit a Disaster State Plan Amendment (SPA), regular SPA, Appendix K, and Waiver Amendment respectively.
 - Estimated total expenditures are \$700,000 with the state share funded by the HCBS FMAP dollars to be \$180,535.
- **Proposal I.9. Strengthen Monitoring of HCBS Waiver Assurances in the Community Benefit (Phase 2)** to strengthen HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and does not plan to utilize ARPA funding at this time. On 3/31/2023, HSD submitted its 1115 Demonstration DY9 Annual Monitoring Report to CMS outlining the actions taken and refinements made to comply with the Standard Terms and Conditions (STCs) for HCBS Reporting. New Mexico has developed and initiated several performance measure indicators to comply with the STC requirements for HCBS reporting in areas of administrative authority, level of care, qualified providers, service plan, health and welfare of enrollees, and financial accountability. For more information and future updates on HSD's activities, please visit HSD's website at [Reports | New Mexico Human](https://www.nm.gov/reports)

[Services Department \(state.nm.us\)](https://state.nm.us) to review HSD's quarterly 1115 demonstration monitoring reports to CMS.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Review current monitoring activities including HCBS performance measures to ensure CMS compliance, while collecting and analyzing data for CMS reporting.
 - These activities will strengthen MLTSS HCBS by helping NM monitor its program and respond to data trends with policy changes that will benefit members and help ensure their health and safety.
 - Activities are targeted at MLTSS services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures are \$500,000 with the state share funding by the HCBS FMAP dollars to be \$128,953.

Navigation

- **Proposal N.1. Supports Waiver Outreach and Education Campaign** (Phase 1) to strengthen HCBS delivery. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.

- Activity Description:
 - Support DOH and HSD campaign (social media/texting, TV, language translators, calls to waitlist members, community-based outreach) on accessing HCBS services under the recently implemented 1915(c) Supports Waiver.
 - Development of outreach and public service announcements about the Supports Waiver including but not limited to mail campaigns, commercials, and social media.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures in Year 1 are \$1,000,000, with the state share funded by the HCBS FMAP dollars to be \$500,000.
- **Proposal N.2. Member Level Technology Investment** (Phase 1) to strengthen HCBS delivery. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Provide each member with a tablet and develop trainings to encourage electronic means of document submission and reduce paper processing.
 - This proposal will increase remote support and enable technology utilization among HCBS members, particularly in rural areas. This proposal will also ensure that HCBS (MLTSS) members have the technology they need to self-direct their services
 - This proposal will strengthen HCBS by providing the needed technology for MLTSS and EPSDT members and their caregivers to participate in electronic visit verification (EVV). In addition, MCOs will collaborate on this project to provide health related educational apps to assist members.
 - These funds will not be used to pay ongoing internet connectivity costs.

- Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures for Year 1 are \$6,200,000 with the state share funded through the HCBS FMAP dollars to be \$725,000.
- **Proposal N.3. Upgrading Critical Incident Management Reporting Systems** (Phase 1) to enhance HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Implement a comprehensive incident management reporting system, which will require an assessment of the current system, upgrades and enhancements to systems, and training for users.
 - Implement improvements to quality measurement, oversight, and improvement activities.
 - Implement the HCBS Consumer Assessment of Healthcare Providers and Systems (CAHPS) or another experience of care survey.
 - Adopt and implement new HCBS quality measures.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.

- Estimated total expenditures are \$1,226,000 for Year 1, \$368,000 for Year 2, and \$368,000 with the state share funded by the HCBS FMAP dollars to be \$144,000 for Year 1, \$97,000 for Year 2 and \$97,000 for Year 3.
- **Proposal N.4. No Wrong Door Activities** (Phase 1) to enhance HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Improve access to HCBS (Developmental Disabilities Waiver, Mi Via, Supports Waiver, Medically Fragile) through non-administrative No Wrong Door activities such as consolidating toll-free phone lines, developing, and improving resource and informational websites, automating screening and assessment tools, and conducting marketing and outreach campaigns.
 - Activities are targeted at New Mexican's in need of services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. This enhancement will support an increase in diverting New Mexicans from receiving institutional Long-Term Services and Supports.
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures are \$3,500,000 in Year 1 and \$2,000,000 in Year 2, with the state share funded by the HCBS FMAP dollars to be \$410,000 in Year 1 and \$527,000 in Year 2.
- **Proposal N.5. Public Facing Central Registry** (Phase 1) to enhance HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.

- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Create a Public Facing Central Registry Database which would allow members to see where they are located on the waitlist, how long it is typically taking a family to move through the waitlist, whether additional documentation is needed, available services through each waiver program, and how to access supports waiver while on waitlist.
 - This would include a contract to build, install and maintain a comprehensive HCBS waiver enrollment system that accepts and processes new applications for HCBS services, links functional assessments to applications, monitors and reports on the status of all pending applications, communicates with local Medicaid financial eligibility offices, sends notifications to applicants on the status of their applications, and formally transfers approved applications to the appropriate entities such as case managers, managed care plans, and state agencies.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - Estimated total expenditures are \$4,000,000 in Year 1 and \$2,000,000 in Year 2, with the state share funded by the HCBS FMAP dollars to be \$468,000 in Year 1 and \$526,000 in Year 2.

- **Proposal N.6. Revolving Trust** (Phase 2) to expand HCBS. (CMS approval 5/18/22)

- Semi-Annual Update for Q3 FY 2023: On 9/28/2022, CMS requested that HSD include the basis for Medicaid Federal Financial Participation (FFP) and how the activity would enhance, expand, or strengthen HCBS. CMS also asked HSD to explain how the activity would be targeted at HCBS providers (e.g., rate increases or another mechanism).

Per CMS' technical assistance on 1/23/2023, the state will be required to address the referenced requests, if the proposal is prioritized by the state. This proposal remains under evaluation by HSD; ARPA funds have not been used.

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.

- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Establishment of a Revolving Trust to support grandparents raising grandchildren who have not yet received SSI benefits. Revolving Trust will give them advance payments of SSI benefits. It will also allow the grandparents who do not have means to hire an attorney and pay fees associated with obtaining SSI to establish a Revolving Trust, and allows the state to pay for one-time upfront costs that would be repaid by the SSI recipient once allocated benefits.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - This initiative remains under development; the total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are under development.
 - CMS requested additional clarification on this proposal, which will be provided in future quarterly report submissions.
- **Proposal N.7. Establish an HCBS Ombudsman Program (Phase 2) to strengthen HCBS delivery. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Establish an Ombudsman program to perform outreach and education on HCBS programs, assist individuals with applying and obtaining HCBS, and identify and report on systemic issues relating to HCBS.
 - This Ombudsman would be independent of both the state and Managed Care Organization current Ombudsman programs and would have the authority to serve residents transitioning from long-term care facilities to home care settings. It would also

include opportunities to provide ombudsman services to clients of managed care and integrated programs serving dually eligible members.

- Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This proposal strengthens the MLTSS program by providing an independent advocate for the member. The ombudsman can help ensure that services are provided in accordance with the 1115 waiver.
 - This activity is not considered to be administrative in nature. The sustainability of this proposal is under development.
 - The estimated total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are under development.
- **Proposal N.8. Closed Loop Referral System (Phase 2)** to enhance, expand, and strengthen HCBS delivery. (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and does not plan to utilize ARPA funding at this time. On 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included this proposal. HSD's proposal seeks to establish an integrated closed-loop referral system to allow providers to securely and efficiently refer members with complex health and social needs to other organizations or services as needed. This system would be developed through a technological-based platform that electronically and securely exchanges information through a referral network of providers and organizations. HSD's current Medicaid 1115 Demonstration Waiver, Centennial Care 2.0 expires on 12/31/2023, and HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.state.nm.us/human-services/medicaid-1115-waiver-renewal).
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Establish a "Closed-loop referral" technology-enabled workflow that provides real-time view of the status of the patient, while exchanging data amongst team, assigning tasks, and reporting on outcomes. A closed-loop referral is one that successfully secures the right resources for patients at the right time, ensuring that the patients' needs are met.

- This platform would enhance, expand, and strengthen care coordination for HCBS members by allowing for a resource directory of services as well as enabling care teams to know if the service was received and the results of the intervention, following a referral. Activities would also expand, enhance, and strengthen services received by HCBS members and identify additional service needs, connecting members to the appropriate providers.
 - Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Estimated total expenditures are \$5,700,000 in Year 2 and \$5,000,000 in Year 3 with the state share funding by the HCBS FMAP dollars to be \$570,000 in Year 2 and \$1,250,000 in Year 3.
- **Proposal N.9. Expand Education and Outreach to those who may qualify for Community Based Services (Phase 3) to strengthen HCBS delivery. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Develop promotional materials to inform potential applicants of the Community Benefit Program (MLTSS), including available services and how to enroll.
 - This proposal expands HCBS by outreaching to potential recipients, with the goal of bringing more members into the Community Benefit program.
 - This activity is not considered to be administrative in nature; this represents a one-time funding opportunity through the enhanced HCBS FMAP dollars and does not require a sustainability plan.
 - Activities are targeted at MLTSS members who may be eligible for services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These services do not include institutional Long-Term Services and Supports.

- Estimated total expenditures are \$373,333 in Year 2 and \$326,667 in Year 3 with the state share funding by the HCBS FMAP dollars to be \$93,184 in Year 2 and \$87,351 in Year 3.

Services

- **Proposal S.1. Add Community Benefit Slots** (Phase 1) to expand HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and will utilize ARPA funding as soon as clarification is obtained from CMS. A technical assistance call with CMS is scheduled for 4/24/2023 to discuss when it is permissible to utilize ARPA funding for new Community Benefit slot allocations and expenditures, while accounting for attrition.

As specified in HSD's Q1 FY 2023 update, Attachment K approval was received from CMS on 5/19/2022, permitting the state to add 200 slots to the Community Benefit program. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

May 19, 2022

Nicole Comeaux
Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Comeaux:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to update the "New Mexico Centennial Care 2.0" (Project No. 11-W-00286/6) with the Emergency Preparedness and Response Appendix K in order to respond to the COVID-19 pandemic submitted by the state on April 19, 2022. This additional authority will aid New Mexico's COVID-19 public health emergency (PHE) response, by permitting the state to add 200 Community Benefit slots, bringing the total number of slots to 5,989. This Appendix K has been incorporated into the demonstration's Special Terms and Conditions as Attachment R.

This authority is effective from April 1, 2022 through 6 months after the end of the PHE and applies in all locations served by the demonstration for anyone impacted by COVID-19 who receives Home and Community-Based Services through the demonstration.

HSD had also submitted an addendum to its Waiver Amendment #2 request to CMS on 12/30/2021, requesting federal authority to increase the number of Community Benefit slots by 1,000, sustaining the approved 200 slots, while providing the state the flexibility to fill an additional 800 slots. On 3/28/2023, CMS approved HSD's Waiver Amendment #2 request to increase the number of enrollment slots for the Community Benefit Program by 200, bringing the total number of slots to 5,989, while providing the state authority to expand the number of slots by an additional 800 slots, bringing the total number of slots to 6,789, if the state finds it has sufficient funding. Should the state decide to expand the number of slots, HSD was directed to update CMS in its quarterly 1115 demonstration monitoring report. HSD must provide written acknowledgement of the award and acceptance of the Standard Terms and Conditions (STCs) within 30 days of CMS' approval. Following is a snip-it of CMS' approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 28, 2023

Lorelei Kellogg
Interim Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Kellogg:

The Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend its section 1115(a) demonstration entitled, "New Mexico Centennial Care 2.0" (Project Number 11-W00285/6), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective March 28, 2023 through December 31, 2023.

Approval of this demonstration amendment will enable New Mexico to receive federal financial participation (FFP) once CMS approves the implementation plan for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while they are short-term residents in institutions for mental diseases (IMD) for diagnoses of serious mental illness (SMI) and/or serious emotional disturbance (SED). This amendment will also provide FFP for improvements to New Mexico's Home and Community Based Services (HCBS), as well as for the implementation of a High Fidelity Wraparound (HFW) intensive care coordination benefit.

HCBS Improvements

This amendment will increase the enrollment limit of the Community Benefit Program. The Community Benefit Program provides HCBS such as adult day health, assisted living, behavioral support consultation, and customized community supports. On May 19, 2022, CMS approved an update to the state's Emergency Preparedness and Response Appendix K to increase the enrollment limit to 5,989 through six months after the end of the public health emergency. As part of this amendment approval, CMS is approving the increased enrollment limit through the

end of New Mexico's current demonstration period. Finally, the state also requested authority to increase the Community Benefit enrollment limit by an additional 800 slots to a total of 6,789 slots if the state finds it has sufficient funding. CMS is also approving this request.

Separately, on 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included this proposal. HSD's Waiver Amendment #2 approval is applicable to the current Medicaid 1115 Demonstration Waiver, Centennial Care 2.0, which expires on 12/31/2023, and HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.hsd.state.nm.us/medicaid-1115-waiver-renewal).

- Quarterly Update for Q1 FY 2023: HSD received Attachment K approval from CMS on 5/19/22 permitting the state to add 200 Community Benefit slots under Centennial Care 2.0, bringing the total number of slots to 5,989. Additional slots will be requested as needed, utilizing the Attachment K or 1115 waiver amendment authorities.
- Quarterly Update for Q4 FY 2022: New Mexico will be submitting an Appendix K to request federal authority to increase the number of Community Benefit Waiver slots by 200. Although CMS partially approved this proposal to increase the number of Community Benefit slots by 1,000, due to available funding, New Mexico is requesting CMS' approval to increase the number of slots by 200 instead. As of April 2022, there are approximately 90 slots remaining and the State must have additional slots to ensure we are able to continue to allocate from the central registry, while offering expedited allocation to those who are transitioning from a nursing facility to the community. Separately, New Mexico will work with CMS to obtain approval on its *NM 1115 Demonstration Waiver Amendment #2 (11-W-00285/6)* Letter submitted to CMS on 12/30/2021, unless CMS determines another federal authority is more appropriate to sustain the additional 200 slots.
- Activity Description:
 - Add 1,000 slots for Centennial Care Community Benefit (HCBS) allocations in 3 years, adding approximately 1/3 of the 1,000 slots each year.
 - There are currently around 15,000 disabled and elderly New Mexicans on the Community Benefit Central Registry. New Mexico increased the Community Benefit slots for those who are not otherwise eligible for Medicaid by 1,500 in 2019. To date, the State has almost filled all of those 1,500 slots and has less than 200 slots available. Adding Community Benefit slots will enable the State to provide HCBS to more New Mexicans in need of these services.

- No funds available through the enhanced HCBS FMAP dollars will be used to pay for institutional services for members that are newly eligible to Medicaid as a result of the expanded number of slots.
 - Activities are targeted at members who may be eligible for services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These members are not receiving institutional Long-Term Services and Supports.
 - This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, New Mexico is currently exploring continued funding through New Mexico's State General fund with an FMAP.
 - To operationalize this initiative, on December 30, 2021, New Mexico submitted a letter to CMS requesting to add this initiative to its 1115 Demonstration Waiver Amendment #2. On January 27, 2022, CMS clarified that that appropriate federal authority to seek is an Appendix/Attachment K, which is under development.
 - Estimated total expenditures are \$12,088,496 in Year 1, \$30,965,500 in Year 2, and \$46,020,240 in Year 3, with the state share funded by the HCBS FMAP dollars to be \$1,414,354 in Year 1, \$8,082,125 in Year 2, and \$12,140,319 in Year 3.
- **Proposal S.2. Add Home and Community-Based Waiver Slots (Phase 1) to expand HCBS.** (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and will utilize ARPA funding as soon as clarification is obtained from CMS.

On 9/28/2022, CMS indicated that if New Mexico is reducing or eliminating a waiting list for a section 1915(c) waiver program as part of the state's activities to enhance, expand, or strengthen HCBS under ARP section 9817, the state cannot use the funds attributable to the increased FMAP to pay for approved capacity as of April 1, 2021. CMS advised that the state must increase the maximum number of unduplicated participants who are served in each year that the waiver is in effect (Factor C) to establish additional waiver slots and can only use the funds attributable to the increased FMAP to pay for services for individuals who are newly enrolled in the waiver program directly as a result of the increase in Factor C; however, CMS announced during an All-States Call on 9/13/2022 and further discussed during an ARP Section 9817 National Webinar on 9/22/2022, that under certain conditions, CMS may make an exception and approve the use of the funds attributable to the increased FMAP to increase waiver capacity in order to reduce waiting lists in states that can document that they had a state limit on waiver slots that was below the number of slots approved by CMS.

To eliminate the Developmental Disabilities Waiver and Mi Via Waiver waitlist, New Mexico submitted the following waiver amendments to CMS and obtained approvals.

On 12/7/2022, CMS approved HSD's Developmental Disabilities Waiver (NM 0173.R07.02) to eliminate the waitlist. On 12/16/2022, HSD notified CMS of an error in the approval letter. On 1/13/2023, CMS provided an updated approval letter. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 7, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0173.R07.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the NM Developmental Disability waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0173.R07.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state implements the American Rescue Plan (ARP) rate increases beyond the end of the public health emergency (PHE). The effective date of the amendment is December 7, 2022.

The waiver continues to be cost-neutral. The average per capita cost of waiver services estimates (Appendix J.1) have been approved.

This approval is subject to your agreement to serve no more individuals than the total number of unduplicated participants indicated in Appendix J.2 of the waiver. If the state wishes to serve more individuals or make any other alterations to this waiver, an amendment must be submitted for approval.

On 12/6/2023, CMS approved HSD's Mi Via Waiver Amendment (NM 0448.R03.02). Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 6, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver New Mexico 0448.R03.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving the state's request to amend the New Mexico MiVia waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0448.R03.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state implements the American Rescue Plan (ARP) rate increases beyond the end of the public health emergency (PHE). The effective date of the amendment is date of approval.

The waiver continues to be cost-neutral. The average per capita cost of waiver services estimates (Appendix J.1) have been approved.

This approval is subject to your agreement to serve no more individuals than the total number of unduplicated participants indicated in Appendix J.2 of the waiver. If the state wishes to serve more individuals or make any other alterations to this waiver, an amendment must be submitted for approval.

On 4/19/2023, CMS further clarified that if a state increases the number of section 1915(c) waiver slots and enrolls additional individuals who are not already Medicaid eligible into the waiver program as a result, the state will have an increase in non-HCBS Medicaid expenditures as a result of the increase in waiver program enrollment, and in this situation, states can use the funds attributable to the increased FMAP to pay for community-based Medicaid expenditures, including community-based state plan services not listed in Appendix B, for individuals who become Medicaid eligible because of the state increase in the number of waiver slots as part of a state's activities to enhance, expand, or strengthen HCBS under ARP section 9817; however,

states cannot use the funds attributable to the increased FMAP to pay for institutional services for those individuals, as this would be inconsistent with the intent of ARP section 9817. If the individuals were already enrolled in Medicaid at the time of waiver enrollment, states can only use the funds attributable to the increased FMAP to pay for the additional services they received as a result of the waiver enrollment.

A technical assistance call with CMS is scheduled for 4/24/2023 to discuss when it is permissible to utilize ARPA funding for the new waiver slots.

- *Quarterly Update for Q1 FY 2023:* HSD submitted the following Section 1915(c) Waiver Amendments to CMS to eliminate the Developmental Disabilities Waiver and Mi Via Waiver waitlist over a 3-year period. HSD has adhered to all public notice requirements.
 - Developmental Disabilities Waiver (NM.0173.R07.01) was submitted to CMS on 6/16/22.
 - Mi Via Waiver (NM.0448.R03.01) was submitted to CMS on 6/7/22.
- *Quarterly Update for Q4 FY 2022:* Although CMS partially approved this proposal to increase the number of Developmental Disabilities slots by 400, due to available funding as well as legislator and Governor support, New Mexico is requesting CMS' approval to offer allocations to all 4,207 persons currently on the DOH waiting list either through the Developmental Disabilities Waiver or Mi Via Waiver over a 3-year period. New Mexico submitted 1915c Draft Waiver Amendments to CMS for its Developmental Disabilities Waiver (NM.019.07.01) and Mi Via Waiver (NM.015.03.01) on 04/13/2022 to reduce or eliminate the Department of Health (DOH) waiting list.
 - Formal notice for public comment was issued 04/15/2022 with an opportunity to provide feedback by 05/04/2022.
 - Tribal notice was issued 03/29/2022 to inform tribal leaders and tribal healthcare providers of the opportunity to provide feedback by 05/30/2022.
 - On 04/28/2022, the state intends to send a notice to all interested parties summarizing the proposed changes to the waiver renewal and notification of public hearing. The notice will provide the web link to the full waiver application website posting on the HSD webpage. Notice for public comment was published on 04/15/2022. Public Hearing is scheduled for 05/30/2022.

HSD, in conjunction with DOH currently monitor slot allocations and are allocating applicants to the waivers. Claims analysis is in process and expenditures will be updated in next quarterly report.

- *Activity Description:*
 - Increase the number of 1915(c) HCBS waiver slots.
 - There are currently 4,207 persons on the Department of Health Central Registry waiting for services. The State intends to allocate all 4,207 to the waivers serving individuals with Intellectual Developmental Disabilities, either through the Developmental Disabilities Waiver or the Mi Via Waiver over a 3-year period.

- No funds available through the enhanced HCBS FMAP dollars will be used to pay for institutional services for members that are newly eligible to Medicaid as a result of the expanded number of slots.
 - The addition of 1915(c) waiver slots provides New Mexicans with developmental disabilities access to home and community-based services, allowing them to safely stay in their home and live meaningfully in their communities.
 - Activities are targeted at members who may be eligible for services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These members are not receiving institutional Long-Term Services and Supports.
 - This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, HSD has worked in partnership with the Governor's office and the Legislature to ensure commitment to a sustainable plan for future investment of State General Fund to support this effort ongoing.
 - Appendix K is under development to seek the appropriate federal authority required to operationalize initiative.
 - Estimated total expenditures are \$63,018,000 in Year 1, \$235,625,000 in Year 2, and \$273,979,000 Year 3.
- **Proposal S.3. High Fidelity Wraparound Expansion** (Phase 1) to expand HCBS. (CMS Conditional Approval 2/8/2022)
 - *Semi-Annual Update for Q3 FY 2023:* HSD has prioritized this proposal and does not plan to utilize ARPA funding at this time. On 3/28/2023, CMS approved HSD's Waiver Amendment #2 request to implement a High-Fidelity Wrap (HFW) intensive care coordination benefit and receive Federal Financial Participation (FFP). HSD must provide written acknowledgement of the award and acceptance of the Standard Terms and Conditions (STCs) within 30 days of CMS' approval. For future updates on HFW activities, please access HSD's 1115 demonstration monitoring reports at [Reports | New Mexico Human Services Department \(state.nm.us\)](#). Following is a snip-it of CMS' approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 28, 2023

Lorelei Kellogg
Interim Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Kellogg:

The Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend its section 1115(a) demonstration entitled, "New Mexico Centennial Care 2.0" (Project Number 11-W00285/6), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective March 28, 2023 through December 31, 2023.

Approval of this demonstration amendment will enable New Mexico to receive federal financial participation (FFP) once CMS approves the implementation plan for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while they are short-term residents in institutions for mental diseases (IMD) for diagnoses of serious mental illness (SMI) and/or serious emotional disturbance (SED). This amendment will also provide FFP for improvements to New Mexico's Home and Community Based Services (HCBS), as well as for the implementation of a High Fidelity Wraparound (HFW) intensive care coordination benefit.

Separately, on 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included this proposal. HSD's Waiver Amendment #2 approval is applicable to the current Medicaid 1115 Demonstration Waiver, Centennial Care 2.0, which expires on 12/31/2023, and HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.state.nm.us/human-services/medicaid-1115-waiver-renewal).

- Quarterly Update for Q1 FY 2023: HSD received additional questions from CMS on 3/14/22 concerning High Fidelity Wraparound (HFW) under the pending 1115 Demonstration Waiver Amendment #2. HSD and CMS also discussed this request further during a monitoring call on 5/17/22. On 6/8/22, the state provided responses to CMS, which remain under review.

- Quarterly Update for Q4 FY 2022: New Mexico continues to request CMS' approval to establish a High-Fidelity Wraparound (HFW) as an intensive care coordination approach for children and youth who have high intensity needs through its 1115 Demonstrative Waiver Amendment #2, which was submitted to CMS on 03/01/2021. The State received two sets of questions from CMS on 03/14/2022 and 03/28/2022, which are currently under evaluation by the State to address. On 03/31/2022, New Mexico provided the following information to CMS to facilitate approval of its 1115 Demonstration Waiver Amendment #2 and establishment of HFW:
 - Summary of the HFW request;
 - Timeline of the HFW 1115 Amendment and ARPA Maintenance of Effort Request; and
 - CMS Engagement timeline on 1115 Waiver Amendment #2 and State Litigation.
- Activity Description:
 - Expand high fidelity wraparound services statewide and to all qualified providers through a pending 1115 waiver amendment submitted to CMS March 1, 2021.
 - This proposal would expand high-fidelity wraparound statewide, increasing access to this approach to help children and families achieve success at home, in school, and in the community.
 - Activities are targeted at BH providers delivering rehabilitative services listed in Appendix B of the SMDL or that could be listed in Appendix B, specifically providers of intensive care coordination trained in high fidelity wraparound. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - Activities outlined within this proposal are not administrative in nature. Following the funding available through the enhanced HCBS FMAP, this service expansion will be sustained through normal Medicaid funding.
 - Estimated total expenditures are \$3,600,000 in each of Years 1, 2, and 3, with the state share of \$424,000 in Year 1, and \$955,000 each in Years 2 and 3, to be funded by the HCBS FMAP dollars.
- **Proposal S.4. Assistive Technology Increase** (Phase 1) to strengthen HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and ARPA funds will be used.

On 11/9/2022, CMS approved HSD Appendix K request to temporarily increase Assistive Technology benefit limits from \$500 to \$750 through March 2024 or until ARPA funds are fully expended, whichever comes first. The increase can be used for tablets and applications to support activities of daily living, therapy services, and access to the community. Section 9817 of ARP funds will only be used for the \$250 increase. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Disabled and Elderly Health Programs Group

November 9, 2022

Nicole Comeaux, Director
Medical Assistance Division
Human Services Department
1 Plaza La Prensa
Santa Fe, NM 87507

Dear Director Comeaux:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend the following 1915(c) Home and Community-Based Services (HCBS) waivers with the Emergency Preparedness and Response Appendix K in order to respond to the COVID-19 pandemic:

WAIVER TITLE	CMS AMENDMENT CONTROL NUMBER
Developmental Disabilities waiver	NM.0173.R07.03
Medically Fragile waiver	NM.0223.R06.03
Mi Via waiver	NM.0448.R03.03
Supports waiver	NM.1726.R00.05

The state's approved Appendix K is effective from January 27, 2020 to six months after the end of the federal public health emergency (PHE) for COVID-19. The amendments that the state has requested in the Appendix K are additive to those previously approved; they apply in all locations served by the individual waivers for anyone impacted by COVID-19. CMS acknowledges beginning July 1, 2022, the state is temporarily increasing Assistive Technology benefit limits from \$500 to \$750; increasing HCBS Environmental Modifications benefit limits from \$5,000 to \$6,000 every five years; and implementing various rate increases for the identified waiver services within the Appendix K.

The state has identified its intent to use money realized from section 9817 of the ARP. Approval of this action does not constitute approval of the state's spending plan. The state must have an approved spending plan in order to use the money realized from section 9817 of the ARP.

On 12/7/2022, CMS approved HSD's Developmental Disabilities Waiver (NM 0173.R07.02) to temporarily increase Assistive Technology benefit limits from \$500 to \$750 through March 2024 or until ARPA funds are fully expended, whichever comes first. The increase can be used to obtain

technology equipment such as iPads and computers to support activities of daily living, therapy services, and access to the community. Section 9817 of ARP funds will only be used for the \$250 increase. On 12/16/2022, HSD notified CMS of an error in the approval letter. On 1/13/2023, CMS provided an updated approval letter. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 7, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0173.R07.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the NM Developmental Disability waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0173.R07.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state implements the American Rescue Plan (ARP) rate increases beyond the end of the public health emergency (PHE). The effective date of the amendment is December 7, 2022.

The waiver continues to be cost-neutral. The average per capita cost of waiver services estimates (Appendix J.1) have been approved.

This approval is subject to your agreement to serve no more individuals than the total number of unduplicated participants indicated in Appendix J.2 of the waiver. If the state wishes to serve more individuals or make any other alterations to this waiver, an amendment must be submitted for approval.

- Quarterly Update for Q1 FY 2023: HSD submitted the following Section 1915(c) Waiver Amendment to CMS to temporarily increase the assistive technology allowance. HSD has adhered to public notice requirements. Amendment remains under CMS review.
 - Developmental Disabilities Waiver (NM.0173.R07.01) was submitted to CMS on 6/16/22.

- Quarterly Update for FY 2022 Q4: New Mexico submitted a 1915c Draft Waiver Amendment to CMS for its Developmental Disabilities Waiver (NM.019.07.01) on 04/13/2022 to temporarily increase the assistive technology allowance up to \$750 through March 2024.
 - Formal notice for public comment was issued 04/15/2022 with an opportunity to provide feedback by 05/04/2022.
 - Tribal notice was issued 03/29/2022 to inform tribal leaders and tribal healthcare providers of the opportunity to provide feedback by 05/30/2022.
 - On 04/28/2022, the state intends to send a notice to all interested parties summarizing the proposed changes to the waiver renewal and notification of public hearing. The notice will provide the web link to the full waiver application website posting on the HSD webpage. Notice for public comment was published on 04/15/2022. Public Hearing is scheduled for 05/30/2022.
- Activity Description:
 - Temporarily increase Assistive Technology allowance, such as tablets and applications to support activities of daily living, therapy services and access to the community, up to \$750 (from \$500) through March of 2024. Currently, 1,255 clients are using these services.
 - Increasing the budgets for assistive technology will help address members' functional needs, promote independence, and/or support community integration.
 - These funds will not be used to pay ongoing internet connectivity costs.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These members are not receiving institutional Long-Term Services.
 - This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, this service expansion will be sustained through and for 1915(c) the rate per unit will revert to that listed in Appendix I and J of approved waivers NM.0223.R06, NM.0173.R07, NM.0448.R03, and NM.1726.R00.
 - Estimated total expenditures are \$314,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$37,000.
- **Proposal S.5. Environmental Modifications Increase** (Phase 1) to strengthen HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and ARPA funds will be used. The following federal authorities have been pursued to operationalize the temporary environmental modification benefit limit increase:
 - Appendix K for 1915c waivers approved by CMS on 11/9/2022 to temporarily increase environmental modifications benefit limits from \$5,000 to \$6,000 every five years through March 2024 or until ARPA funds are fully expended. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
 Centers for Medicare & Medicaid Services
 7500 Security Boulevard, Mail Stop S2-14-26
 Baltimore, Maryland 21244-1850



Disabled and Elderly Health Programs Group

November 9, 2022

Nicole Comeaux, Director
 Medical Assistance Division
 Human Services Department
 1 Plaza La Prensa
 Santa Fe, NM 87507

Dear Director Comeaux:

We are writing to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving New Mexico’s request to amend the following 1915(c) Home and Community-Based Services (HCBS) waivers with the Emergency Preparedness and Response Appendix K in order to respond to the COVID-19 pandemic:

WAIVER TITLE	CMS AMENDMENT CONTROL NUMBER
Developmental Disabilities waiver	NM.0173.R07.03
Medically Fragile waiver	NM.0223.R06.03
Mi Via waiver	NM.0448.R03.03
Supports waiver	NM.1726.R00.05

The state’s approved Appendix K is effective from January 27, 2020 to six months after the end of the federal public health emergency (PHE) for COVID-19. The amendments that the state has requested in the Appendix K are additive to those previously approved; they apply in all locations served by the individual waivers for anyone impacted by COVID-19. CMS acknowledges beginning July 1, 2022, the state is temporarily increasing Assistive Technology benefit limits from \$500 to \$750; increasing HCBS Environmental Modifications benefit limits from \$5,000 to \$6,000 every five years; and implementing various rate increases for the identified waiver services within the Appendix K.

The state has identified its intent to use money realized from section 9817 of the ARP. Approval of this action does not constitute approval of the state’s spending plan. The state must have an approved spending plan in order to use the money realized from section 9817 of the ARP.

- Developmental Disabilities Waiver Amendment (NM 0173.R07.02) was approved by CMS on 12/7/2022. On 12/16/2022, HSD notified CMS of an error in the approval letter. On 1/13/2023, CMS provided an updated approval letter. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 7, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0173.R07.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the NM Developmental Disability waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0173.R07.02. Please use this number in future correspondence relevant to this waiver action.

- Medically Fragile Waiver Amendment (NM 0223.R06.02) was approved by CMS on 11/18/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

November 18, 2022

Nicole Comeaux
Director, Medical Assistance Division
New Mexico Department of Human Services
Post Office Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 0223.R06.02 Amendments Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend the New Mexico Supports Waiver for individuals who are aged and or physically disabled. The CMS Control Number for the amendment is NM 0223.R06.02. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state is approving, as is approved in the state's American Recovery Plan Act (ARPA) spending plan: a) Phased Economic Recovery Payments for all HCBS direct service providers of 10% and 5% respectively in waiver years 2 and 3, b) a temporary increase to Environmental Modifications benefit limits from \$5000 to \$6000 every 5 years through March 2024. The effective date of the amendment is November 18, 2022.

- Mi Via Waiver Amendment (NM 0448.03.02) was approved by CMS on 12/6/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

December 6, 2022

Nicole Comeaux, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver New Mexico 0448.R03.02 Amendment

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving the state's request to amend the New Mexico MiVia waiver for individuals with intellectual, developmental disabilities, and autism. The CMS Control Number for the amendment is NM 0448.R03.02. Please use this number in future correspondence relevant to this waiver action.

- Supports Waiver Amendment (NM 1726.R00.04) was approved by CMS on 11/16/2022. Following is a snip-it of the approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

November 15, 2022

Nicole Comeaux
Director, Medical Assistance Division
New Mexico Department of Human Services
Post Office Box 2348
Santa Fe, NM 87504-2348

RE: 1915(c) Waiver NM 1726.R00.04 Amendment Approval

Dear Ms. Comeaux:

The Centers for Medicare & Medicaid Services (CMS) is approving your request to amend NM Supports Waiver for Individuals with Intellectual Disabilities. The CMS Control Number for the amendment is NM 01726.R00.04. Please use this number in future correspondence relevant to this waiver action.

With this amendment, the state is permanently implementing phased economic recovery payments for all HCBS direct service providers of 10% and 5%, respectively, in waiver years 3 and 4 as approved in the state's Appendix K and in accordance with the American Rescue Plan. With this amendment, the state is also increasing the environmental modifications benefit limits (there is no negative impact to persons with self-directed budget limits) and increasing the transportation mile reimbursement rate. The effective date of the amendment is November 15, 2022.

- Medicaid 1115 Waiver Amendment #2 was approved by CMS on 3/28/2023. HSD must provide written acknowledgement of the award and acceptance of the Standard Terms and Conditions (STCs) within 30 days of CMS' approval. Following is a snip-it of the approval and conditions outlined within the Standard Terms and Conditions (STCs):

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 28, 2023


Lorelei Kellogg
Interim Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Kellogg:

The Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend its section 1115(a) demonstration entitled, "New Mexico Centennial Care 2.0" (Project Number 11-W00285/6), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective March 28, 2023 through December 31, 2023.

Approval of this demonstration amendment will enable New Mexico to receive federal financial participation (FFP) once CMS approves the implementation plan for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while they are short-term residents in institutions for mental diseases (IMD) for diagnoses of serious mental illness (SMI) and/or serious emotional disturbance (SED). This amendment will also provide FFP for improvements to New Mexico's Home and Community Based Services (HCBS), as well as for the implementation of a High Fidelity Wraparound (HFW) intensive care coordination benefit.

HCBS Improvements

New Mexico also requests  (Ctrl) to increase the service limits for Community Transition and Environmental Modification Services. CMS is also approving these requests.

Limits or Exclusions: Environmental Modification services are limited to five thousand dollars (\$5,000) every five (5) years, but the state may increase the limit to six thousand dollars (\$6,000) every five (5) years once it determines that it has sufficient funding to do so. Additional services may be requested if a member's health and safety needs exceed the specified limit. The state must update CMS in the monitoring reports once the state implements the increase from \$5,000 to \$6,000.

Separately, on 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included this proposal. HSD's Waiver Amendment #2 approval is applicable to the current Medicaid 1115 Demonstration Waiver, Centennial Care 2.0, which expires on 12/31/2023, and HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future

updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.state.nm.us/human-services/1115-waiver-renewal).

- Quarterly Update for Q1 FY 2023: HSD submitted the following Section 1915(c) Waiver Amendments to CMS to temporarily increase the environment modifications limit. HSD has adhered to public notice requirements. The following amendments remain under CMS review:
 - Developmental Disabilities Waiver (NM.0173.R07.01) was submitted to CMS on 6/16/22.
 - Mi Via Waiver (NM.0448.R03.01) was submitted to CMS on 6/7/22.
 - Medically Fragile Waiver (NM.0223.R06.01) was submitted to CMS on 6/7/22.
 - Supports Waiver (NM.1726.R00.03) was submitted to CMS on 6/7/2022.

On 5/12/22, CMS provided questions to HSD's request to increase the environment modification limit for the Community Benefit program under the 1115 Waiver Amendment (11-W-00285/6) Letter submitted 12/30/2021. On 5/17/22, CMS and HSD had a preliminary discussion concerning the request. On 7/1/22, the state informed CMS that it is evaluating the increase further and will provide additional information to CMS.

- Quarterly Update for Q4 FY 2022: New Mexico submitted 1915c Draft Waiver Amendments to CMS for its Developmental Disabilities Waiver (NM.019.07.01), Mi Via Waiver (NM.015.03.01), and Medically Fragile Waiver (NM.019.07.01) on 04/13/2022 to temporarily increase the Environmental Modifications benefit limit from \$5,000 to \$6,000 every 5 years through March 2024.
 - Formal notice for public comment was issued 04/15/2022 with an opportunity to provide feedback by 05/04/2022.
 - Tribal notice was issued 03/29/2022 to inform tribal leaders and tribal healthcare providers of the opportunity to provide feedback by 05/30/2022.
 - On 04/28/2022, the state intends to send a notice to all interested parties summarizing the proposed changes to the waiver renewals and notification of public hearing. The notice will provide the web link to the full waiver application website posting on the HSD webpage. Notice for public comment was published on 04/15/2022. Public Hearing is scheduled for 05/30/2022.
- Activity Description:
 - Increase all HCBS environmental modifications benefit limits from \$5,000 to \$6,000 every 5 years.
 - For the Community Benefit in the 1115 demonstration and the section 1915(c) waiver programs, construction and materials costs have increased during the PHE. An increase in funding limits for environmental modifications will help ensure that members at risk of institutionalization can continue to safely age in their homes.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These members are not receiving institutional Long-Term Services.

- This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, for MLTSS, this service expansion will be sustained through our 1115 Waiver Renewal and for 1915(c) the rate per unit will revert to that listed in Appendix I and J of approved waivers NM.0223.R06, NM.0173.R07, NM.0448,R03, and NM.1726.R00.
 - To operationalize this initiative, on December 30, 2021, New Mexico submitted a letter to CMS requesting to add this initiative to its 1115 Demonstration Waiver Amendment #2. On January 27, 2022, CMS clarified that that appropriate federal authority to seek is an Appendix/Attachment K, which is under development.
 - Estimated total expenditures are \$884,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$104,000.
- **Proposal S.6. Transition Services Increase** (Phase 1) to enhance HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and ARPA funds will be used. On 3/28/2023, CMS approved HSD's Medicaid 1115 Waiver Amendment #2. HSD must provide written acknowledgement of the award and acceptance of the Standard Terms and Conditions (STCs) within 30 days of CMS' approval. Following is a snip-it of the approval letter and conditions outlined within the Standard Terms and Conditions (STCs):

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 28, 2023


Lorelei Kellogg
Interim Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Kellogg:

The Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend its section 1115(a) demonstration entitled, "New Mexico Centennial Care 2.0" (Project Number 11-W00285/6), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective March 28, 2023 through December 31, 2023.

Approval of this demonstration amendment will enable New Mexico to receive federal financial participation (FFP) once CMS approves the implementation plan for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while they are short-term residents in institutions for mental diseases (IMD) for diagnoses of serious mental illness (SMI) and/or serious emotional disturbance (SED). This amendment will also provide FFP for improvements to New Mexico's Home and Community Based Services (HCBS), as well as for the implementation of a High Fidelity Wraparound (HFW) intensive care coordination benefit.

HCBS Improvements

New Mexico also requests  (Ctrl) to increase the service limits for Community Transition and Environmental Modification Services. CMS is also approving these requests.

Limits or Exclusions: Community Transition Services do not include monthly rental or mortgage expense, food, regular utility charges, and/or household appliances or items that are intended for purely diversional/recreational purposes. Community Transition Services are limited to \$3,500 per person, but the state may increase the limit to four thousand dollars (\$4,000) every five years once it determines it has sufficient funding to do so. Deposits for Assisted Living Facilities are limited to a maximum of \$500. In order to be eligible for this service, the person must have a NF stay of at least 90 days prior to transition to the community. The state must update CMS in the monitoring reports once the state implements the increase from \$3,500 to \$4,000.

Separately, on 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included this proposal. HSD's Waiver Amendment #2 approval is applicable to the current Medicaid 1115 Demonstration Waiver, Centennial Care 2.0, which

expires on 12/31/2023, and HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.state.nm.us/human-services/medicaid-1115-waiver-renewal).

- Quarterly Update for Q1 FY 2023: On 5/12/22, CMS provided questions to HSD's request to increase the transition services limit for the Community Benefit program under the 1115 Waiver Amendment (11-W-00285/6) Letter submitted 12/30/2021. On 5/17/22, CMS and HSD had a preliminary discussion concerning the request. On 7/1/22, the state informed CMS that it is evaluating the increase further and will provide additional information to CMS.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Raise limits on Community-Based Transition Services from \$3,500 to \$4,000 every 5 years.
 - For the Community Benefit, the State has had a successful system in place to move members who reside in nursing facilities back to their communities. An increase in the overall limit for Community Transition Services will ensure that New Mexico can continue to support these rebalancing efforts and bring members out of facilities.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These members are not receiving institutional Long-Term Services.
 - This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, for MLTSS, this service expansion will be sustained through our 1115 Waiver Renewal.
 - To operationalize this initiative, on December 30, 2021, New Mexico submitted a letter to CMS requesting to add this initiative to its 1115 Demonstration Waiver Amendment #2. On January 27, 2022, CMS clarified that that appropriate federal authority to seek is an Appendix/Attachment K, which is under development.
 - Estimated total expenditures are \$123,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$14,000.
- **Proposal S.7. Medically Fragile Waiver Specialized Medical Equipment Increase** (Phase 1) to enhance HCBS. (CMS partial approval 11/5/2021)
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.

- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Increase limit for specialized medical equipment and supplies from \$1,000 per ISP year to \$1,200 per ISP year.
 - This increase allows Medically Fragile Waiver participants to receive the specialized medical equipment that allows them to safely live in their homes and communities. This benefit covers equipment not otherwise covered by the Medicaid State Plan.
 - Activities are targeted at 1915(c) members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature. Following the funding available through the enhanced HCBS FMAP, this service rate per unit will revert to that listed in Appendix I and J of approved waiver NM.0223.R06.
 - Estimated total expenditures are \$480,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$120,000.
- **Proposal S.8. Covering Meals for Enrollees Residing Independently (Phase 2) to expand HCBS.** (CMS approval 5/18/22)
 - Semi-Annual Update for Q3 FY 2023: HSD has prioritized this proposal and does not plan to utilize ARPA funding at this time. On 12/13/2022, CMS requested that the state indicate in its upcoming submission the number of meals per day it would cover under this proposal and if the meals would be a full nutritional regimen. CMS reminded the state that this proposal was tied to CMS' direction that spending plans clearly indicate whether an activity includes room and board (which CMS would not find to be a permissible use of funds). CMS also noted that CMS defines the term, board, to mean three meals a day or any other full nutritional regimen (section 4442.3 of the State Medicaid Manual). On 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which included some components of this proposal. HSD is proposing two new home-delivered meals pilot programs aiming to serve Community Benefit members who are facing food insecurity that jeopardizes the member's ability to remain in a community-based setting, and pregnant members with gestational diabetes. HSD is clarifying its intent to cover two meals a day for eligible members in these two population groups. Home delivered meals are an effective vehicle to ensure these members receive healthful sustenance. HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. During the negotiation process, HSD will discuss its intent to cover food boxes rather than prepared foods, ensuring food delivery isn't limited to warm meals and includes fresh produce or other food boxes tailored to address the member's specific health needs. For more

information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](https://www.state.nm.us/human-services/medicaid-1115-waiver-renewal).

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Ensure coverage of meals for enrollees living independently.
 - Promotes aging-in-place for those who are at risk of institutionalization.
 - This proposal seeks to expand home-delivered meals as a new waiver service under the Centennial Care 2.0 Section 1115 waiver and additional service under the Program of All Inclusive Care for the Elderly (PACE).
 - Activities are targeted at MLTSS and PACE providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - Estimated total expenditures are \$1,590,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$186,000.
- **Proposal S.9. Habilitative Services Expansion (Phase 2) to expand HCBS. (CMS approval 5/18/22)**
 - Semi-Annual Update for Q3 FY 2023: Remains under evaluation; ARPA funds have not been used.
 - Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
 - Activity Description:
 - Cover additional habilitative services that promote social skills to support community integration.
 - This proposal would look to increase coverage of habilitative services that promote social skills to support community integration.

- Activities are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - The total expenditures and associated state share to be funded through the enhanced HCBS FMAP dollars are under development.
- **Proposal S.10. Intensive Case Management Services for Children in State Custody** (Phase 2) to expand HCBS. (CMS approval 5/18/22)
 - *Semi-Annual Update for Q3 FY 2023:* HSD has prioritized this proposal and does not plan to utilize ARPA funding at this time. On 3/28/2023, CMS approved HSD's Waiver Amendment #2 request to implement a High-Fidelity Wrap (HFW) intensive care coordination benefit and receive Federal Financial Participation (FFP). HSD must provide written acknowledgement of the award and acceptance of the Standard Terms and Conditions (STCs) within 30 days of CMS' approval. For future updates on HFW activities, please access HSD's 1115 demonstration monitoring reports at [Reports | New Mexico Human Services Department \(state.nm.us\)](#). Following is a snip-it of CMS' approval letter:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 28, 2023

Lorelei Kellogg
Interim Director, Medical Assistance Division
New Mexico Human Services Department
State Capitol
Room 400
Santa Fe, NM 87501

Dear Ms. Kellogg:

The Centers for Medicare & Medicaid Services (CMS) is approving New Mexico's request to amend its section 1115(a) demonstration entitled, "New Mexico Centennial Care 2.0" (Project Number 11-W00285/6), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective March 28, 2023 through December 31, 2023.

Approval of this demonstration amendment will enable New Mexico to receive federal financial participation (FFP) once CMS approves the implementation plan for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while they are short-term residents in institutions for mental diseases (IMD) for diagnoses of serious mental illness (SMI) and/or serious emotional disturbance (SED). This amendment will also provide FFP for improvements to New Mexico's Home and Community Based Services (HCBS), as well as for the implementation of a High Fidelity Wraparound (HFW) intensive care coordination benefit.

Separately, on 12/15/2022, New Mexico submitted its Turquoise Care 1115 Waiver Renewal Application to CMS, which identifies five populations given their experiences with societal inequities, disproportionately high demand for health supports and services, and disparities they have experienced within the state of New Mexico. One of the five populations is prenatal, postpartum, and members parenting children, including children in state custody (CISC). Some of the initiatives proposed in HSD's waiver renewal will support CISC to ensure they receive equitable care. HSD may also leverage Managed Care Organization contracts to establish provisions to better meet the needs of CISC. HSD is in active negotiations with CMS to obtain approval of its waiver renewal by 1/1/2024. For more information and future updates on HSD's waiver renewal, please visit HSD's dedicated webpage at [Medicaid 1115 Waiver Renewal | New Mexico Human Services Department \(state.nm.us\)](#).

- Quarterly Update for Q1 FY 2023: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Quarterly Update for Q4 FY 2022: HSD has not completed any additional planning or actions toward implementation of this activity in this quarter. Additional updates will be provided in subsequent quarterly submissions.
- Activity Description:
 - Evaluate and establish provision of Intensive Case Management (ICM) for children in state custody in coordination with High Fidelity Wraparound Services. These services would be provided in home and community-based settings.
 - The state is currently evaluating expansion of the service array for children in state custody, to include intensive case management with a focus on keeping children in community-based settings.
 - Activities are targeted at members receiving services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) or that could be listed in Appendix B. These providers are not delivering institutional Long-Term Services and Supports, or other medical or behavioral health services not listed in Appendix B (e.g., acute care hospital, primary care).
 - This activity is not considered to be administrative in nature; the State continues to explore a plan for sustaining this activity.
 - Estimated total expenditures are \$10,000,000 in Year 1, with the state share funded through the HCBS FMAP dollars to be \$1,170,000.

V. Spending Plan Projection

Reported Eligible Funds

New Mexico reported on the CMS 64 Report just under \$1.5 billion from Q3 of FFY 2021 to Q2 of FFY 2022 on services identified as HCBS in the ARPA, including \$136.5 million of reinvestment payments. The additional 10% FMAP in supplemental funds was \$142.3 million for activities identified in our spending narrative. Table 1 below provided New Mexico's reported expenditures for both fee-for-service and managed care populations for HCBS services eligible for the enhanced FMAP for the period from April 1, 2021 to March 31, 2022. This additional investment will allow New Mexico to further enhance, expand, and strengthen HCBS under our Medicaid program. Expenditures reported on the CMS 64 Report are subject to adjustments; any changes will be updated in future quarterly reports.

Table 1 – Estimated Total Medicaid HCBS Expenditures from April 2021 through March 2022

Federal Fiscal Year (FFY)	FFY 2021*	FFY 2021*	FFY 2022*	FFY 2022*	Total
Quarter	Q3: Apr to Jun	Q4: Jul to Sep	Q1: Oct to Dec	Q2: Jan to Mar	Q3 FFY 2021 - Q2 FFY 2022
Total Computable Base Group	\$ 298,036,801	\$ 321,182,987	\$ 331,998,926	\$ 415,600,456	\$ 1,366,819,170
Total Computable OAG Group	\$ 52,150,706	\$ 26,896,975	\$ 26,989,516	\$ 6,409,430	\$ 112,446,627
Total Including Base and OAG Groups	\$ 350,187,507	\$ 348,079,962	\$ 358,988,442	\$ 422,009,886	\$ 1,479,265,797
Total State Share	\$ 33,423,870	\$ 34,536,435	\$ 34,845,467	\$ 42,254,484	\$ 145,060,256
Total Federal Share	\$ 316,763,637	\$ 313,543,527	\$ 324,142,975	\$ 379,755,402	\$ 1,334,205,541
Funds Attributable to the HCBS FMAP Increase	\$ 32,411,216	\$ 33,463,152	\$ 34,549,373	\$ 41,881,290	\$ 142,305,031

*Includes reinvestment payments.

Estimated Funding for HCBS Reinvestment

Additionally, New Mexico has estimated potential gains through reinvestment over the eligible spending period and the total increase in federal funding attributable to Section 9817 of ARPA for the initial year. The reinvestment expenditures through March 31, 2022 (Year 1) is \$136,517,063, about 9.5% of the total planned spending. This quarter, the state’s reinvestments were prioritized for the following two proposals: W.2, *Temporary Economic Recovery Payment* and S.2, *Add Home and Community-Based Waiver Slots*. The estimated spending for Year 2 is calculated with the federal declaration of a Public Health Emergency 6.2% increased FMAP through March 31, 2023 and the transition period phased down per Section 5131 of the Consolidated Appropriations Act of 2023 (H.R. 2617). The estimates for Year 2 (\$315,661,175) and Year 3 (\$291,474,851) are based on the remaining of balance federal funds from the HCBS FMAP increase. The total planned spending for the three-year period is \$743,653,089 (shown in Table 2 below).

Table 2 – Funding for HCBS Reinvestment

Year of Reinvestment	Year 1	Year 2	Year 3	3 Years Total
Time Period	Apr 2021 – Mar 2022	Apr 2022 – Mar 2023	Apr 2023 – Mar 2024	
% of Total Fund Spend in Each Year	9.5%	43.0%	47.5%	100.0%
Total Computable GF Associated with Base Group	130,107,633	287,038,395	259,813,761	676,959,789
Total Computable GF Associated with OAG Group	6,409,430	28,622,780	31,661,090	66,693,300
Total Computable General Fund	136,517,063	315,661,175	291,474,851	743,653,089
FMAP Blend	89.88%	79.69%	75.18%	N/A
OAG FFP	95.00%	90.00%	90.00%	N/A
Federal Share	123,023,698	254,501,396	223,822,964	601,348,058
State Share	13,493,365	61,159,779	67,651,887	142,305,031
Funds Attributable to the HCBS FMAP Increase***	13,332,006	-	-	13,332,006
% Change Compared with Previous HCBS Spending	0.0%	25.0%	17.5%	

New Mexico has reported \$13,332,006 as reinvestment funds attributable to the HCBS FMAP Increase during Year 1. This is the additional state general fund savings when New Mexico reinvests the initial fund to expand services in HCBS. New Mexico identified the current investment in services that qualified for the additional round of increased HCBS FMAP, as of April 1, 2021. New Mexico reported a total of \$1.5 billion during Year 1, including reinvestment payments. That 10% draw down results in approximately \$142.3 million that New

Mexico can reinvest over the three-year period outlined for spending in SMDL# 21-003. Endeavoring to optimize this opportunity and our investment in HCBS, New Mexico had spent \$13.5 million (9.5%) of the \$142.3 million in year one (April 2021 – March 2022) on reinvestment, and is estimated to spend \$61.2 million (43.0%) in Year 2 and \$67.6 million (47.5%) in Year 3 (See Table 2 for reference).

VI. Spending Plan Claiming and Reinvestments

Claiming and Reinvestments through December 31, 2022

The state has provided below a summary of the expenditure report on the funds attributable to the increase in FMAP that the state has claimed between April 1, 2021, and December 31, 2022. New Mexico drew down the enhanced 10% FMAP dollars on April 8, 2022 and April 22, 2022 through the standard expenditure request process.

Description	ARPA Section 9817		ARPA Section 9817 Reinvestment FMAP + 10%			ARPA Section 9817 Reinvestment FMAP*	
	Total Computable	FFP From ARPA Section 9817 (10% ARPA Fund)	Total Computable	FFP Gain on Reinvestment Paid by March 28, 2022	State Share Charged to the 10% ARPA Fund	Total Computable	State Share Charged to the 10% ARPA Fund
FFS	31,905,194	3,159,855	-	-	-		
HCBW	462,324,591	46,232,463	57,689,977	5,769,000	5,865,175		
MCO**	848,518,949	79,580,707	78,827,086	7,563,006	7,628,196	55,064,133	10,685,893
Total	1,342,748,734	128,973,025	136,517,063	13,332,006	13,493,371	55,064,133	10,685,893

* Actual as reported on the CMS Report through the December 31, 2022 quarter.

** Home and Community-Based Services (HCBS) received 10% additional Federal Financial Participation (FFP) for original payments made from April 1, 2021 to March 31, 2022 with FFP capped at 95%. Thus, HCBS incurred by the Medicaid expansion (i.e., the Other Adult Group (OAG)), only received an additional 5% FFP increase.

Additionally, HSD collaborated with the New Mexico legislature to include the following reversion language in House Bill 2 (HB2) to ensure funds claimed under the ARP remain available to the state for reinvestment through March 31, 2025: *Any unexpended balances attributable to the federal matching increase from section 9817 of the American Rescue Plan Act of 2021 accrued by the medical assistance program of the human services department remaining at the end of fiscal year 2021 and fiscal year 2022 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2022 through fiscal year 2025 to support reinvestment in the expansion, enhancement or strengthening of home and community-based services as required in section 9817 of the American Rescue Plan Act of 2021, including eliminating the waitlist for the 1915(c) developmental disabilities medicaid waivers and implementing the temporary home and community-based services provider economic recovery payments.*

In future quarterly reports, the state will provide updates to projected and actual spending amounts for each of the state’s activities to enhance, expand, or strengthen HCBS. In those projections, the state will clearly identify:

New Mexico HCBS ARPA Quarterly Spending Plan and Narrative

- If the state intends to draw down FFP for any activities (including for Medicaid-eligible service and administrative costs);
- The amount of state and federal share for any activities for which the state plans to claim FFP; and
- Whether those activities will be eligible for the HCBS increased FMAP under ARP section 9817.

The state will also update the amount of funds attributable to the increase in FMAP that the state has claimed and/or anticipates claiming between April 1, 2021, and March 31, 2022.