



HEALTH CARE  
AUTHORITY

**Michelle Lujan Grisham, Governor**  
Kari Armijo, Secretary  
Dana Flannery, Medicaid Director

March 6, 2025

James G. Scott, Director  
Division of Program Operations  
Medicaid & CHIP Operations Group  
Centers for Medicare and Medicaid Services  
601 E. 12<sup>th</sup> St., Room 355  
Kansas City, MO 640106

Dear Mr. Scott:

Enclosed please find documents related to New Mexico State Plan Amendment (SPA) 24-0015, Adult Accredited Residential Treatment Center (AARTC) Fee Schedule.

The New Mexico HCA is proposing to move away from cost-based reimbursement for AARTCs and to a prospective fee schedule rate. This rate is developed based on a comprehensive analysis of facility cost report data and is based on a weighted average. Beginning January 1, 2025 Tier I services are reimbursed at a statewide prospective rate established by the State of New Mexico. Tier II and Tier III services are reimbursed at the greater of the facility specific daily rate previously established or the statewide prospective rate established by the State of New Mexico.

The HCA followed a process that included public notification, tribal notification, and web posting. Documentation of these activities is attached.

Please refer to the attachments for the transmittal form and notices.

We appreciate your consideration of this state plan amendment. Should you have any questions on this amendment, please contact Valerie Tapia at: [Valerie.Tapia@hca.nm.gov](mailto:Valerie.Tapia@hca.nm.gov) or (505) 257-8420.

Sincerely,

Dana Flannery  
Medicaid Director

cc: Dana Brown, CMS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 5

2. STATE

N M3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL  
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

01/01/2025

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 25 \$ 516,096b. FFY 26 \$ 516,9527. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Attachment 4.19 B Page 3aa8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)  
Attachment 4.19 B Page 3aa (TN: 23-0006)

9. SUBJECT OF AMENDMENT

NM HCA is proposing to move away from cost-based reimbursement for AARTCs to a prospective fee schedule rate. This rate is developed based on analysis of facility cost report data and is based on a weighted average.

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

15. RETURN TO

12. TYPED NAME  
Dana FlanneryMedical Assistance Division  
PO Box 2348  
Santa Fe, NM 87504-234813. TITLE  
Director, Medical Assistance Division14. DATE SUBMITTED  
03/06/2025**FOR CMS USE ONLY**

16. DATE RECEIVED

17. DATE APPROVED

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

## INSTRUCTIONS FOR COMPLETING FORM CMS-179

Use Form CMS-179 to transmit State plan material to the Center for Medicaid & CHIP Services for approval. Submit a separate typed transmittal form with each plan/amendment.

**Block 1 - Transmittal Number** - Enter the State Plan Amendment transmittal number. Assign consecutive numbers on a **calendar year** basis with the first two digits being the two-digit year (e.g., 21-0001, 21-0002, etc.). Because states have different state fiscal years, a calendar year is required for consistency.

**Block 2 - State** - Enter the two-letter abbreviation code of the State/District/Territory submitting the plan material.

**Block 3 - Program Identification** - Enter the applicable Title of the Social Security Act (Title XIX Medicaid or Title XXI CHIP).

**Block 4 - Proposed Effective Date** - Enter the proposed effective date of material. The effective date of a new plan may not be earlier than the first day of the calendar quarter in which an approvable plan is submitted. With respect to expenditures for assistance under such plan, the effective date may not be earlier than the first day on which the plan is in operation on a statewide basis or earlier than the day following publication of notice of changes.

**Block 5 - Federal Statute/Regulation Citation** - Enter the appropriate statutory/regulatory citation.

**Block 6 - Federal Budget Impact - 6(a)** - IN WHOLE DOLLARS, NOT IN THOUSANDS, Enter 1st **Federal Fiscal Year** (FFY) impacted by the SPA & estimated Federal share of the cost of the SPA for 1st FFY. The first FFY should be the FFY inclusive of the earliest effective date of any amended payment language; **6 (b)** - Enter 2nd FFY impacted by the SPA & estimated Federal share of the cost for 2nd FFY. In general, the estimates should include any amount not currently approved in the state's plan for assistance.

**Block 7 - Page No.(s) of Plan Section or Attachment** - Enter the page number(s) of plan material amended and transmitted. If additional space is needed, use bond paper. **New pages** should be included in Block 7, but not in Block 8.

**Block 8 - Page No.(s) of the Superseded Plan Section or Attachment (if Applicable)** - Enter the page number(s) (including the transmittal number) that is being superseded. If additional space is needed, use bond paper. **Deleted pages** should be included in Block 8, but not in Block 7.

**Block 9 - Subject of Amendment** - Briefly describe plan material being transmitted.

**Block 10 - Governor's Review** - Check the appropriate box. See SMM section 13026 A.

**Block 11 - Signature of State Agency Official** - Authorized State official signs this block.

**Block 12 - Typed Name** - Type name of State official who signed block 11.

**Block 13 - Title** - Type title of State official who signed block 11.

**Block 14 - Date Submitted** - Enter the date that the state transmits plan material to CMCS. Unless the state officially withdraws this SPA and then resubmits it, this date should not be revised. Documentation of version revisions will be maintained in the CMCS administrative record.

**Block 15 - Return To** - Type the name and address of State official to whom this form should be returned.

**Block 16–22 (FOR CMS USE ONLY).**

**Block 16 - Date Received** - Enter the date plan material is received by CMCS. This is the date that the submission is received by CMCS via the subscribed submission process.

**Block 17 - Date Approved** - Enter the date CMCS approved the plan material.

**Block 18 - Effective Date of Approved Material** - Enter the date the plan material becomes effective. If more than one effective date, list each provision and its effective date in Block 22 or attach a sheet.

**Block 19 - Signature of Approving Official** - Approving official signs this block.

**Block 20 - Typed Name of Approving Official** - Type approving official's name.

**Block 21 - Title of Approving Official** - Type approving official's title.

**Block 22 - Remarks** - Use this block to reference and explain agreed to changes and strike-throughs to the original CMS-179 as submitted, a partial approval, more than one effective date, etc. If additional space is needed, use bond paper.

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF NEW MEXICO  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –  
OTHER TYPES OF CARE**

**Attachment 4.19 – B Page 3aa**

4. **Accredited Residential Treatment Centers for Adults with Substance Use Disorders** – Prior to January 1, 2025, reimbursement is made at a facility specific daily rate established by the agency state audit agent after analyzing the costs to provide services. Room and board costs are not included in the rate and are not reimbursable. Cost that are considered in the rate are: direct service costs, direct supervision costs, therapy costs including all salaries, wages, and benefits associated with health care personnel, admission discharge planning, clinical support costs, non-personnel operating costs including expenses incurred for program related supplies and general administration costs.

Beginning January 1, 2025, Tier 1 services are reimbursed at a statewide prospective rate established by the State of New Mexico.

Beginning January 1, 2025, Tier II and III services are reimbursed at the greater of the facility specific daily rate previously established or the statewide prospective rate established by the State of New Mexico.

Except as otherwise noted in the State Plan, the State-developed rates are the same for both governmental and private providers.

5. **Crisis Triage Centers** – Reimbursement is made at service rates that are uniquely determined for each provider based on provider costs as determined by the state agency contracted audit agency. Costs are determined by considering: direct service costs, direct supervision costs, therapy costs including all salaries, wages and benefits associated with health care personnel, clinical support costs, non-personnel operating costs and general administration costs. CTC's have a cost-based reimbursement and is specific to each agency these rates are not publicly published. During the rate calculation process, several key factors are reviewed by the agency and the providers upon approval of the rates.

6. **Evidence-based Practices including Functional Family Therapy, Dialectical Behavior Therapy, Trauma Focused Cognitive Behavior Therapy, and Eye Movement Desensitization and Reprocessing**- Reimbursement for Evidence-based Rehabilitative Services as outlined in item 13.d per Attachment 3.1-A, are paid based upon Medicaid rates established by the State of New Mexico. Except as otherwise noted in the State Plan, the State-developed rates are the same for both governmental and private providers. The provider agency's rates were set as of January 1, 2023, and are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website.

The rate development methodology will primarily be composed of provider cost modeling, through New Mexico provider compensation studies and cost data. Rates from similar State Medicaid programs may be considered, as well. The following list outlines the major components of the cost model to be used in rate development.

- Staffing assumptions and staff wages.
- Employee-related expenses—benefits, employer taxes (e.g., Federal Insurance Contributions Act (FICA), unemployment, and workers compensation).
- Program-related expenses (e.g., supplies).
- Provider overhead expenses.
- Program billable units.
- Rural rates will include additional travel considerations for community and home-based services.

The rates will be developed as the ratio of total annual modeled provider costs to the estimated annual billable units.

7. **Mobile Crisis and Stabilization Rehabilitative Services** - Reimbursement for Mobile Crisis and Stabilization Rehabilitative Services as outlined in item 13.d per Attachment 3.1-A, are paid based upon Medicaid rates established by the State of New Mexico.

Except as otherwise noted in the State Plan, the State-developed rates are the same for both governmental and private providers. The provider agency's rates were set as of July 1, 2023 and are effective for these services provided on or after that date. All rates are published on the New Mexico Medicaid website.

The rate development methodology will primarily be composed of provider cost modeling, through New Mexico provider compensation studies and cost data. Rates from similar State Medicaid programs may be considered, as well. The following list outlines the major components of the cost model to be used in rate development.

- Staffing assumptions and staff wages.
- Employee-related expenses—benefits, employer taxes (e.g., Federal Insurance Contributions Act (FICA), unemployment, and workers compensation).
- Program-related expenses (e.g., supplies).



Accredited Adult Residential Treatment Center (AARTC) for SUD Fee Schedule

RENDERING PROVIDER REQUIRED	REVENUE CODE	CPT OR HCPCS CODE	DESCRIPTION WITHIN MEDICAID PROGRAM	FEE SCHEDULE AMOUNT
<b>Residential Treatment Centers for Adults (Substance Use Disorders)</b>				
Report Referring or Ordering Provider in the Attending Provider Field	1003	H0017	Tier 3 - ASAM levels 3.7 and 3.7WM placement criteria for medically monitored short term residential addiction program.	\$607.98/day
Report Referring or Ordering Provider in the Attending Provider Field	1003	H0018	Tier 2 - ASAM 3.2WM, 3.2, 3.3, 3.5 placement criteria. Clinically monitored, medium to high intensity level of care for sub-acute, detoxification and/or residential addiction program.	\$349.76/day
Report Referring or Ordering Provider in the Attending Provider Field	1003	H0019	Tier 1 - ASAM 3.1 placement criteria. Clinically monitored, low intensity level of care long-term residential (non-medical, non acute care in a residential treatment program).	\$249.04/day