



HEALTH CARE  
AUTHORITY

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

July 29, 2024

James G. Scott, Director  
Division of Program Operations  
Medicaid & CHIP Operations Group  
Centers for Medicare and Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, MO 64106

Dear Mr. Scott:

Enclosed please find documents related to New Mexico State Plan Amendment (SPA) 24-0005, Comprehensive Addiction Recovery Act (CARA) program for infants who have a prenatal exposure to substances.

New Mexico Health Care Authority (HCA) is requesting to allow hospital providers to bill and be reimbursed for implementing a plan of care for infants in the (CARA) program, separate from the Diagnoses Related Group (DRG) and in addition to the inpatient hospital stay effective July 1, 2024.

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 Valeria Tapia at: [Valerie.Tapia@hca.nm.gov](mailto:Valerie.Tapia@hca.nm.gov) or (505) 257-8420.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dana Flannery', is positioned above the typed name.

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. STATE

3. 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

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY \_\_\_\_\_ \$ \_\_\_\_\_  
b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

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:  
Authority delegated to the Medicaid Director

11. SIGNATURE OF STATE AGENCY OFFICIAL



15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

**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

Pediatric, psychiatric, substance abuse, and rehabilitation cases treated in non-exempt general acute care hospitals or non-PPS exempt units will be included in the PPS.

- D.** Indian Health Services hospitals will be reimbursed using a per diem rate established by the Federal Government.
- E.** New providers entering the Medicaid program will be reimbursed at the peer group median rate for the applicable peer group, until such time as rebasing occurs, unless the hospital meets the criteria for prospective payment exemption as described in subsection C and D above.
- F.** All hospitals which meet the criteria in Section IV.A of this plan will be eligible for a disproportionate share adjustment.
- G.** Effective for discharges on or after April 1, 1992, and in accordance with Section 4604 of the Omnibus Budget Reconciliation Act (OBRA) of 1990, the Department provides for an outlier adjustment in payment amounts for medically necessary inpatient services involving exceptionally high costs or long lengths of stay for children who have not attained the age of six years in disproportionate share hospitals, and for infants under age one in all hospitals. The outlier adjustment for these cases is described in Section III. F. of this plan.
- H.** Effective October 1, 2020, the Diagnosis Related Group (DRG) provider-specific rates described in New Mexico Disaster SPA 20-0005 are terminated. Thereafter, the DRG payment will revert to the reimbursement methodology outlined in subsections A through C of Methods and Standards for Establishing Payment Rates – Inpatient Hospital Services.
- I.** Effective the first day following the end of the public health emergency (PHE), New Mexico Medicaid will allow hospital providers to bill and be paid for pasteurized donor human milk (PDHM) services separate from the DRG and in addition to the inpatient hospital stay for infants through New Mexico Medicaid enrolled medical supply companies.
- J.** Effective July 1, 2024, New Mexico Medicaid will allow hospital providers to bill and be reimbursed for implementing a plan of care for infants in the Comprehensive Addiction Recovery Act (CARA) program; as described in Attachment 4.19-B, page 6e & 7; separate from the DRG and in addition to the inpatient hospital stay.

**Attachment 4.19-B**  
**Page 7**

Eyeglasses and vision appliances are covered under the service benefit of "Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses Prescribed by a Physician Skilled in Diseases of the Eye or by an Optometrist". Payment for eyeglasses and vision appliances are made at the lesser of the provider's billed charge or the current Medicaid fee schedule.

The fee schedule is established by the state agency with consideration given to payment practices of Medicare, other third-party payers, comments from providers and appropriate professional societies, typical invoice costs from providers, comparison of fee schedule amounts for similar services and items, and/or the usual charges of the providers for services to non-Medicaid patients.

All rates and any updates or periodic adjustments to the fee schedule are published on the New Mexico Medicaid website.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

Changes to the fee schedule are made with public notice, following the requirements of 42 CFR 447.205.

- 3) Comprehensive Addiction Recovery Act (CARA) program-Plan of Care services for infants who have a prenatal exposure to substances.

Effective July 1, 2024, hospital providers can bill and be paid for implementing a plan of care for infants in the Comprehensive Addiction Recovery Act (CARA) program. These are infants who have prenatal exposure to substances and require a plan of care plan that includes ongoing wrap around services and family referrals to voluntary support and treatment services once discharged.

Except as otherwise noted in the state plan, state developed fee schedule rates are the same for both governmental and private providers. The agency's fee schedule rates were set as of July 1, 2024, and are effective for services provided on or after that date. All rates are published on the New Mexico Medicaid website.