



**Michelle Lujan Grisham, Governor**  
Kari Armijo, Secretary  
Lorelei Kellogg, Acting Medicaid Director

December 27, 2023

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) 23-0014 Rural Emergency Hospitals.

Effective December 1, 2023, The New Mexico Human Services Department Medical Assistance Division is submitting a State Plan Amendment (SPA) request to Centers for Medicare and Medicaid Services (CMS) to establish reimbursement for Rural Emergency Hospitals. The anticipated effective date for the Rural Emergency Hospital reimbursement SPA is December 1, 2023. These changes will be completed in a manner that is consistent with budget neutrality to the State of New Mexico.

HSD 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@hsd.nm.gov](mailto:Valerie.Tapia@hsd.nm.gov) or (505) 257-8420.

Sincerely,

A blue ink handwritten signature, appearing to read "Lorelei Kellogg", is written over a blue horizontal line.

Lorelei Kellogg  
Acting Medicaid Director

cc: Nikki Lemmon, 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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)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:

11. SIGNATURE OF STATE AGENCY OFFICIAL



15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED 12/27/2023

**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

## **State Supplement A to Attachment 3.1-A**

### **Item 23 Certified Nurse Practitioner Services**

Surgical procedures are not a benefit of the program as they are not within the scope of state law. Psychiatric services rendered by Certified Nurse Practitioners are not a benefit of the program.

### **Item 24a Transportation**

Out-of-state transportation services (except nearby border cities) are allowable only when the services needed cannot be obtained in New Mexico or the physician provides adequate justification for the out of state travel. Emergency transportation will be reviewed retrospectively to determine if the transport was necessary.

### **Item 24e Emergency Hospital Services**

Emergency hospital services may be provided by facilities not certified by Title XVIII. These services must meet the definition of emergency hospital services as defined in 42 CFR 44.170 e.

See limitations for Items 1 and 2a. inpatient and outpatient hospital services.

### **Item 25 Rural Emergency Hospital (REH) services furnished by a rural emergency hospital that do not exceed an annual per patient average of 24 hours in such rural emergency hospital:**

- Emergency department services and
- Observation care; and
- At the election of the rural emergency hospital, with respect to services furnished on an outpatient basis, other medical and health services as specified by the HHS secretary through rulemaking as set forth in 42 U.S.C. 1395x (kkk)(1).

REHs may provide outpatient services that are not otherwise paid under the OPSS (such as services paid under the Clinical Lab Fee Schedule), as well as post-hospital extended care services, furnished in a unit of the facility that is a distinct part of the facility licensed as a skilled nursing facility; however, these services will not be considered REH services and, therefore, will be paid under the applicable fee schedule for such services.

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Outpatient Hospital Services and Other Outpatient Prospective Payment System (OPPS).

For outpatient hospital services (approved Title XIX hospitals) for reimbursement purposes, effective for all accounting periods which begin on or after October 1, 1983, the amount payable by the Medicaid program through its fiscal agent for services provided to Title XIX recipients and covered under the Medicaid program, the manner of payment and the manner of settlement of overpayments and underpayments shall be determined under the methods and procedures provided for determining allowable payment for outpatient hospital services under Title XVIII of the Social Security Act.

Effective April 1, 1992, for those services reimbursed under Title XVIII allowable cost methodology, the Medicaid program reduces the Title XVIII allowable costs by 3 percent. The interim rate of payment shall be applicable to all hospitals approved for participation as Title XIX hospitals in the Medical Assistance Program.

Effective for dates of service on or after November 1, 2010, outpatient hospital services, which are not designated as Critical Access Hospitals, are reimbursed at an outpatient prospective payment system (OPPS) rate using Medicare Ambulatory Payment Classification (APC) groups and reimbursement principles.

Effective for dates of service beginning July 1, 2016, the OPPS rates are reduced by 3%. Effective for dates of service beginning July 1, 2019, the OPPS rates are increased by 25 percent for Safety Net Care Pool (SNCP) hospitals; 10 percent for the University of New Mexico Hospital; and 18 percent for all other in-state hospitals. Effective July 1, 2023, the OPPS rates are increased by 20% for Underserved Hospitals, 12% for Rural hospitals, 6% for Urban hospitals, and 4% for the University of New Mexico Hospital. Except as otherwise noted in the state plan both governmental and private providers are paid the same. All rates are published on the Department's website at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>. Notice of changes to rates will be made as required by 42 CFR 447.205.

A Critical Access Hospital, a designation made by Medicare following the Medicare Rural Hospital Flexibility Program created by the federal government in the Balanced Budget Act of 1997, will be paid at a percentage of the state developed fee schedule rates that equals the cost to charge ratio reported by the hospital to the Medicare program prior to February 1, for 2012, and reduced by 3% effective July 1, 2016. Effective July 1, 2019, the rate will be increased based on the paragraph above. For Critical Access Hospitals that are also SNCP hospitals, the rate will be increased by 25%. For all other Critical Access Hospitals, the rate will be increased by 18%.

TN No. 23-0014  
Supersedes 19-0013

Approval Date \_\_\_\_\_  
Effective Date 12/01/2023

## Attachment 4.19 B Page 6.1

### Rural Emergency Hospital Outpatient Rate Setting

Rural Emergency Hospitals licensed in the state of New Mexico will be reimbursed for outpatient services utilizing the same fee schedule in place for hospitals in the state multiplied by a facility specific rate that will approximate cost. The initial facility specific rate will be calculated when the facility becomes a licensed Rural Emergency Hospital (REH) and re-calculated using the most recently settled cost report at July 1, 2026. All REH rates will be re-calculated every three years thereafter using the most recently settled cost report prior to each calculation.

Existing facilities that change their provider certification to become a REH will have the facility specific rate calculated by utilizing the most recently settled cost report.

Medicaid outpatient payments from the fee-for-service paid claims summary for the cost report period will be compared to calculated costs from outpatient Medicaid services presented on the cost report to determine the factor necessary to bring the payments in line with calculated costs.

Calculation of the facility specific rate is as follows:

$$\text{NOR} = C / \text{SP}$$

$$\text{SP} = P / \text{COR}$$

NOR: New Outpatient Rate (facility specific rate)

C: Allowable REH service costs per the cost report, worksheet D Part V

SP: Standardized payments

P: Payments from FFS paid claims summary

COR: Outpatient Rate in effect on paid claims summary

New providers entering the program as a Rural Emergency Hospital that do not have previous cost report submissions will receive the median of current Rural Emergency Hospital Facility Specific Rates. After the first cost report is submitted and reviewed for a new REH, the interim rate will be replaced with a rate calculated from the reviewed cost report at the beginning of the state fiscal year. The calculation will be consistent with the methodology outlined above. Claims paid under the interim rate will not be re-adjudicated with the updated facility rate (the new rate will be prospective from the beginning of the state fiscal year).

In no case can the reimbursement for outpatient hospital services exceed reasonable cost as defined under Medicare Title XVIII.

When service coverage/reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are utilized. The current New Mexico Medicaid fee schedule, available at, <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> is updated to conform to Medicare OPSS and is effective for dates of service on or after July 1, 2023.

TN No. 23-0014  
Supersedes New

Approval Date \_\_\_\_\_  
Effective Date 12/01/2023