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

III. 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%.

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 OPPS (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.

REHs may provide outpatient services that are not otherwise paid under the OPPS (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.

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:

NOR = C / SP

SP = P / 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 OPPS and is effective for dates of service on or after July 1, 2023.