



State of New Mexico  
Medical Assistance Program Manual  
**Supplement**



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**TO:** ALL INDIAN HEALTH SERVICES (I.H.S) PARTICIPATING IN THE NEW MEXICO  
MEDICAID PROGRAM

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**SUBJECT:** I.H.S. & TRIBAL 638 OUTPATIENT PHARMACY REIMBURSEMENT CHANGE

This supplement provides information on federal requirements related to changes in reimbursement to Fee-For-Service (FFS) Indian Health Service (I.H.S.) and Tribal 638 outpatient pharmacies. Effective for dates of service beginning March 1, 2021, the Medical Assistance Division (MAD) will begin to reimburse all I.H.S. and Tribal 638 outpatient pharmacies at the All-Inclusive Rate (AIR) published annually in the Federal Register.

**1. Billing For Drug Items Dispensed from I.H.S. and Tribal 638 Outpatient Facilities**

An outpatient pharmacy may dispense unlimited new prescription drugs, single multi-drug compounds, or prescription drug refills in a 24-hour period and be reimbursed for each dispensing. When drug item costs exceed the AIR, reimbursement will remain at the AIR. The applicable AIR shall be determined by the date of service submitted on the pharmacy drug claim. Pharmacy drug claims reimbursed at the AIR are not eligible for a professional dispensing, pharmaceutical administration, and/or compounding fee. The AIR for pharmacy drug services may be billed in addition to billing an I.H.S. or Tribal 638 physical health, behavioral health, or dental encounter that is provided on the same day. Excluded from this reimbursement change are durable medical equipment, medical supplies, and over the counter orthotic items.

**2. Claims Processing**

MAD has updated their claims processing system to allow payment of the AIR on outpatient pharmacy drug claims effective for dates of service beginning March 1, 2021. All affected dates of service for pharmacy drug claims will be adjusted and reprocessed to reflect the new reimbursement rate.

**Managed Care Organizations (MCOs):**

The information provided above is applicable to both fee-for-service providers and contracted providers with the Centennial Care MCOs. MCOs are required to have all adjustments completed within 120 days from the time notification is received. MCO's must notify HSD when all adjustments have been completed.

Please contact the Medical Assistance Division at [MADInfo.HSD@state.nm.us](mailto:MADInfo.HSD@state.nm.us) if you have any questions regarding this supplement.