



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

May 14, 2024

Dear Medicaid Stakeholders:

In response to inquiries from managed care organizations, providers, and other State Medicaid programs, New Mexico Medicaid is writing to offer an update about our state’s current provider rates.

After a comprehensive rate review study conducted by an external vendor in August 2022, New Mexico Human Services Division (HSD) Medical Assistance Division (MAD) implemented a [\\$409 million increase in reimbursement rates](#) for most health care providers, as much as 120% of Medicare rates, effective July 1, 2023. Many other services without Medicare rates increased by 4.68% and coverage expanded to include services provided by Community Health Workers. See the current fee schedule at <https://www.hsd.state.nm.us/providers/fee-schedules/>. This increase comes in the context of our ongoing effort to update rates and invest in New Mexico’s Medicaid providers.

For historical comparison purposes, this 2019 KFF report illustrates how New Mexico physician rates surpassed most other comparable states in most payment categories.

Location	All Services	Primary Care	Obstetric Care	Other Services
Arizona	0.82	0.73	0.95	0.88
Colorado	0.81	0.84	0.69	0.91
Louisiana	0.69	0.66	0.66	0.80
Nevada	0.96	0.95	1.00	0.92
New Mexico	0.93	0.91	0.98	0.95
Oklahoma	0.94	0.94	0.94	0.94
Texas	0.65	0.58	0.72	0.80
Utah	0.81	0.76	0.91	0.80

Since 2019, MAD has made many updates to rates and coverage that have impacted most Medicaid providers, including:

- Increased E&M codes from 70% to 90% of Medicare, and a 14.5% increase for services without a Medicare comparison (July 2019),
- Increased Assisted Living rates by 5% (July 2019),
- Increased hospital rates up to 14% for Inpatient and up to 25% for Outpatient, dependent on hospital type (July 2019),

- Added coverage for chronic and transitional care management services as well as supportive housing services (July 2019),
- Expanded access to preventative dental services through added coverage for topical fluoride varnish services for children (July 2019), silver diamine fluoride, and modified clinical criteria for orthodontia (January 2023),
- Increased Behavioral Health Outpatient and Applied Behavioral Analysis rates to a minimum of 90% of Medicare, and approximately 30% increase for services without a Medicare rate (October 2019),
- Increased postpartum eligibility period from 60 days to one year (April 2022), and
- Implemented enhanced behavioral health services and evidence-based practices, including Dialectical Behavior Therapy, Eye Movement Desensitization and Reprocessing, Functional Family Therapy, Multisystemic Therapy, and Trauma Focused Cognitive Behavior Therapy (July 2023).

Additional provider rate increases have been included in the agency's budget request for SFY 2025, including:

- Increasing rates for maternal and child health and primary care from 120% to 150% of Medicare,
- Over \$5M State General Fund (SGF) increase for Doula and Lactation Counselor services,
- Maintenance of rates at (or above) 100% of Medicare, and increase to 100% of Medicare for Phase III providers,
- Over \$5M SGF rate increases for behavioral health providers, and
- Over \$20M SGF rate increase to developmental disability providers.

HSD MAD is developing additional budget requests for SFY 2026 to include ongoing targeted rate studies to evaluate behavioral health and Home and Community-Based Services without equivalent Medicare rates to continue supporting providers and increasing accessibility to these critical services for New Mexicans.

We would be happy to provide additional information should you need it.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dana Flannery', with a stylized flourish at the end.

Dana Flannery
Medical Assistance Division Director

CC:

Kari Armijo, Cabinet Secretary, Human Services Division, Health Care Authority
Elisa Walker-Moran, CFO, Medical Assistance Division