



Michelle Lujan Grisham, Governor  
David R. Scrase, M.D., Secretary  
Nicole Comeaux, J.D., M.P.H, Director

May 15, 2019

**RE: Tribal Notification to Request Advice and Comments Letter 19-10: Notice of Proposed Increases to Medicaid Provider Payment Rates**

Dear Tribal Leadership, Indian Health Service, Tribal Health Providers, and Other Interested Parties:

Seeking advice and comments from New Mexico's Indian Nations, Tribes, Pueblos and their health care providers is an important component of the government-to-government relationship with the State of New Mexico. In accordance with the New Mexico Human Services Department's (HSD's) Tribal Notification to Request Advice and Comments process, this letter is to inform you that HSD, through the Medical Assistance Division (MAD), is accepting written comments until **5:00 p.m. Mountain Time (MT) through June 17, 2019**, regarding new proposed increases to Medicaid provider payment rates.

HSD is announcing its intention to raise certain Medicaid provider payment rates effective July 1, 2019, as part of Governor Lujan Grisham's focus on health care and as a critical first step in fulfilling her promise to increase Medicaid reimbursement rates for providers at the center of New Mexico's health care safety net. Raising Medicaid payment rates will recognize and strengthen the state's partnership with those who deliver care and services to the most vulnerable New Mexicans. HSD believes these critical rate adjustments will help rebuild and protect New Mexico's health care delivery network. The proposed rate increases were supported, endorsed and funded by the New Mexico Legislature during the 2019 regular session.

In determining the scope and amounts of these proposed provider payment increases, HSD conducted extensive analysis to determine where changes would have an immediate positive impact, particularly in rural areas for providers of behavioral health, primary care, dental services, specialty care, and long-term services and supports. In total, HSD proposes nearly \$60 million in payment rate increases, including coverage of some new targeted and preventive service codes through the Medicaid benefit package. The impact to the state general fund for these proposed changes is \$13.1 million. Please note that the reimbursement changes that are outlined in this letter do not address rates paid to IHS or other tribal providers on an OMB or encounter basis.

Through this notice, HSD invites tribal leadership, providers, members, and other tribal stakeholders to comment on the proposed rate increases and revisions to the Medicaid program fee schedule, as described below. Additional detail may be found on the proposed fee schedules that are posted on the

HSD website at [www.hsd.state.nm.us/providers/fee-schedules.aspx](http://www.hsd.state.nm.us/providers/fee-schedules.aspx). Some of the proposed provider rate increases will require revisions to the New Mexico Medicaid State Plan that HSD must file with the federal Centers for Medicare and Medicaid Services (CMS).

### **1. Increase in Payment Rates for Evaluation and Management (E&M) Codes**

HSD proposes to increase payment for Evaluation and Management (E&M) office visits to a minimum of 90 percent of the 2019 Medicare fee schedule, effective July 1, 2019. E&M patient visits represent the core of most family practice, primary care, and specialty provider practices, and close to half of all Medicaid patient encounters. Payment for E&M visits has traditionally been at the lowest end of the Medicaid payment continuum, with an average current reimbursement level of approximately 70 percent of the Medicare fee schedule. By raising these payment rates, HSD seeks to bolster its network of primary care and family practice providers, many of whom also provide behavioral health services through regular office visits in rural New Mexico.

E&M codes that are currently above 90 percent of the 2019 Medicare fee schedule will remain unchanged until further review and/or notification by HSD.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$37.4 million total in state and federal funds combined, with a state general fund impact of \$8.2 million.

### **2. Increase in Payment Rates for Dental Codes**

In 2016, HSD reduced Medicaid rates paid to dental providers by two percent as part of a substantial cost-containment initiative. HSD now proposes to restore the 2016 reduction by increasing Medicaid dental rates by two percent, effective July 1, 2019.

The anticipated annual fiscal impact to HSD for this increase is \$4.6 million total in state and federal funds combined, with a state general fund impact of \$1 million.

### **3. Increase in Dispensing Fees Paid to Community-Based Pharmacies through Centennial Care**

In order to ensure that the payment structure for community-based pharmacies realistically reflects their buying power, buying volume, and price negotiating limitations, HSD is proposing to increase the dispensing fee paid for covered outpatient drugs by \$2 per script under the Centennial Care program effective July 1, 2019.

The anticipated annual fiscal impact to HSD for this increase is \$2.1 million total in state and federal funds combined, with a state general fund impact of \$450,000.

A list of New Mexico pharmacies that are identified as community-based pharmacies enrolled with the Medicaid program can be found at [www.hsd.state.nm.us/providers/fee-schedules.aspx](http://www.hsd.state.nm.us/providers/fee-schedules.aspx).



#### **4. Increase in Rates Paid to Long-Term Services & Supports Providers**

HSD proposes to raise reimbursement rates for community benefit Personal Care Service (PCS) providers by 50 cents per hour, effective July 1, 2019. This increase is necessary to help mitigate some of the costs that will be borne by PCS provider agencies as a result of the minimum wage increase that will go into effect on January 1, 2020. The anticipated annual fiscal impact to HSD for the PCS rate increase is \$11.9 million total in state and federal funds combined, with a state general fund impact of \$2.6 million.

Additionally, HSD proposes to increase rates for certain other types of long-term services and supports providers on July 1, 2019, including:

- A five percent rate increase for the Program of All-Inclusive Care for the Elderly (PACE). The anticipated annual fiscal impact to HSD for this increase is \$650,000 total in state and federal funds combined, with a state general fund impact of \$150,000; and
- A five percent rate increase for Assisted Living Facilities (ALFs). The anticipated annual fiscal impact to HSD for this increase is \$320,000 total in state and federal funds combined, with a state general fund impact of \$70,000.

#### **5. Addition of New Transitional Care and Chronic Care Management Services**

HSD proposes to add new services to the fee schedule effective July 1, 2019, aimed at improving care management at the provider level for patients with multiple chronic conditions; and for patients who are transitioning to the community setting following certain types of discharge. The rates for these new services are proposed to be set at 94 percent of the 2019 Medicare fee schedule. Codes and proposed rates for the new services are described below.

##### **Chronic Care Management Services**

- CPT code 99487 – Complex chronic care management services requiring moderate or high complexity of medical decision-making, with at least 60 minutes of staff time directed by a physician or other qualified health care professional per calendar month. Proposed rate: \$83.84.
- CPT code 99489 – Complex chronic care management – each additional 30 minutes of clinical staff time directed by a physician or other qualified health care professional, per calendar month. Proposed rate: \$41.91.
- HCPCS code G0506 – Chronic care management services when the billing practitioner personally performs an extensive assessment and chronic care management care planning beyond the usual effort described by the separate initiating visit. Proposed rate: \$57.90.

Providers should note that CPT code 99490 – Chronic care management services to include at least 20 minutes of clinical staff time directed by a physician or other qualified health care professional, per calendar month – is already a covered benefit in the Medicaid program.

## **Transitional Care Management Services**

- CPT code 99495 – Transitional care management communication with the patient or caregiver within two business days of discharge, when such communication involves medical decision-making of at least moderate complexity and a face-to-face visit within 14 days of discharge. Proposed rate: \$151.23.
- CPT code 99496 – Transitional care management communication with the patient or caregiver within two business days of discharge, when such communication involves medical decision-making of high complexity and a face-to-face visit within seven days of discharge. Proposed rate: \$213.80.

The anticipated annual fiscal impact to HSD for adding these new chronic and transitional care management services is \$800,000 total in state and federal funds combined, with a state general fund impact of \$175,000.

## **6. Addition of Preventive Topical Fluoride Varnish Benefits for Children**

HSD proposes to add new codes for administering preventive topical fluoride varnish treatments to children age six months through age 20, effective July 1, 2019. The new proposed codes may be billed on a periodicity schedule of twice per year by either the child's dentist or primary care provider (PCP). Codes and proposed rates for the new services are described below.

- CDT code D1206 – Topical application of fluoride varnish. Proposed rate: \$18.00.
- CPT code 99188 – Topical application of fluoride varnish by a physician or other qualified health care professional. Proposed rate: \$18.00.

The anticipated annual fiscal impact to HSD for adding these new fluoride varnish services is \$2 million total in state and federal funds combined, with a state general fund impact of \$450,000.

## **7. Addition of Supportive Housing Services and Rates through Centennial Care**

Effective July 1, 2019, HSD proposes to add a Supportive Housing benefit in Centennial Care to provide pre-tenancy and tenancy support services to members with Serious Mental Illness (SMI). The Supportive Housing benefit will aid these members in acquiring, retaining, and maintaining stable housing as a way of helping them to participate in ongoing treatment of their illness and to improve management of their physical and mental health conditions. HSD will use its existing program infrastructure and network of provider agencies associated with the Linkages Supportive Housing Program to deliver supportive housing services.

The primary code used to bill for supportive housing services will be HCPCS code H0044 with a proposed rate of \$450.00 per month. Please refer to the proposed Supportive Housing fee schedule at [www.hsd.state.nm.us/providers/fee-schedules.aspx](http://www.hsd.state.nm.us/providers/fee-schedules.aspx) for a full listing of codes for pre-tenancy and



tenancy support activities covered under the Centennial Care Supportive Housing Program.

The anticipated annual fiscal impact to HSD for adding supportive housing services is \$230,000 total in state and federal funds combined, with a state general fund impact of \$50,000.

## **8. Additional Proposed Changes Planned for October 1, 2019**

HSD intends to make additional Medicaid payment rate increases on October 1, 2019, to address insufficient payments at certain Federally Qualified Health Centers (FQHCs); expand Graduate Medical Education (GME); and to further develop payment methodologies for certain telehealth and teleconsultation programs, including UNM Project ECHO. Additional details about these forthcoming changes will be sent in a notice to the public with a request for input and comments.

### **Tribal Impact**

The reimbursement changes that are outlined in this letter do not address rates paid to IHS or other tribal health care providers on an OMB or encounter basis; however, they have been developed as a strategy to increase health care access for Medicaid patients through higher reimbursement to providers statewide. These changes in payment are intended to support and bolster the Medicaid health care delivery network, particularly in rural New Mexico. HSD expects these reimbursement rate increases to have an overall positive impact on tribal Medicaid members.

### **Tribal Advice and Comments**

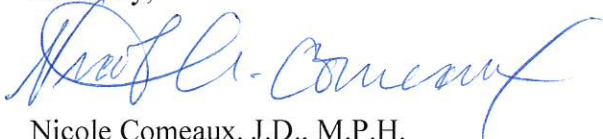
Tribes and tribal health care providers may view the proposed fee schedules on the HSD website at <https://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

### **Important Dates**

**Written comments must be submitted by 5:00 p.m. Mountain Time (MT) on June 17, 2019.**

Please send your comments to the MAD Native American Liaison, Theresa Belanger, at (505) 827-3122 or by email to [Theresa.Belanger@state.nm.us](mailto:Theresa.Belanger@state.nm.us). All written comments received will be posted on the HSD website at: <http://www.hsd.state.nm.us/providers/written-tribal-consultations.aspx> along with this notification letter. The public posting will include the name and any contact information provided by the commenter.

Sincerely,



Nicole Comeaux, J.D., M.P.H.  
State Medicaid Director