



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

September 18, 2019

RE: Tribal Notification to Request Advice and Comments Letter 19-18: Notice of Proposed Increases to Medicaid Provider Payment Rates effective October 1, 2019

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 October 20, 2019**, regarding new proposed increases to Medicaid provider payment rates.

The New Mexico Human Services Department (HSD) is announcing its intention to raise certain Medicaid provider payment rates effective October 1, 2019, as a critical next step in fulfilling Governor Michelle Lujan Grisham's promise to support and strengthen providers at the center of New Mexico's health care safety net, and in meeting her commitment to rebuild the state's behavioral health system. Raising Medicaid payment rates recognizes the state's partnership with providers who deliver care and services to the most vulnerable New Mexicans, and HSD believes that these critical rate adjustments will help to fortify 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 rate 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, and teleconsultation services to Medicaid patients. In total, HSD proposes nearly \$78.5 million in payment rate increases, with an impact to the state general fund of approximately \$16.2 million.

Through this notice, HSD invites members of the public and provider community to comment on the proposed rate increases that are described below. Additional detail may be found on the proposed fee schedules that are posted on the HSD website at <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 Most Outpatient Behavioral Health Codes

HSD proposes to increase Medicaid payment rates for outpatient behavioral health visit codes to a minimum of 90 percent of the 2019 Medicare fee schedule, effective October 1, 2019. Many Medicaid-covered behavioral health services are not reimbursed by Medicare and do not have a corresponding Medicare rate; therefore, many of the outpatient behavioral health codes will be increased by the overall average percentage of the behavioral health rate increase for the codes that are benchmarked to Medicare. The overall average percentage of the behavioral health outpatient rate increase is approximately 30 percent.

By raising these payment rates, HSD seeks to bolster its network of behavioral health providers across New Mexico. Outpatient behavioral health codes that are currently above 90 percent of the 2019 Medicare fee schedule will remain unchanged until further review/notification by HSD. Additional work is being done in consultation with providers to analyze Medicaid behavioral health rates and to determine where further rate adjustments may be needed.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$58.6 million total in state and federal funds combined, with a state general fund impact of \$12 million. Proposed changes to the behavioral health fee schedule are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

2. Increase in the Base Rate for Federally Qualified Health Centers (FQHCs) and Establishment of a New Rate for FQHC Dental Visits

Effective October 1, 2019, HSD proposes to establish a new minimum encounter rate for FQHCs based on the national Medicare Prospective Payment System (PPS) base rate. The FQHC sites that currently have a Medicaid encounter rate that is below the Medicare PPS base rate of \$169.77 will be raised to the new minimum encounter rate.

Additionally, HSD proposes to establish a new minimum encounter rate for FQHC dental services of \$200.00, based on the national average cost of a dental encounter as established by the Health Resources and Services Administration (HRSA) Uniform Data System for 2017. This change is being made to ensure that Medicaid payments are adequate to reimburse FQHCs for dental programs that have expanded significantly over the past decade with no corresponding increase in the Medicaid payment rate for FQHC dental encounters.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$4.4 million total in state and federal funds combined, with a state general fund impact of \$1 million. The revised encounter rates for each FQHC are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

3. Increase in Payment Rates to New Mexico Not-for-Profit Community Hospitals through Centennial Care

Effective October 1, 2019, HSD proposes to raise reimbursement rates paid under the Centennial Care program to New Mexico not-for-profit community hospitals to ensure that payments are sufficiently adequate to help cover certain business and operating expenses, to account for lower economies of scale at these not-for-profit facilities, and to aid these hospitals in reinvesting in the health of their local communities. Approval for the rate increase for not-for-profit community hospitals will be requested from CMS through managed care directed payment authority as outlined at 42 CFR §438.6.

HSD intends to conduct additional analysis on hospital rates to determine if further adjustments are needed to ensure rate adequacy for New Mexico's investor-owned hospitals.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$14.6 million total in state and federal funds combined, with a state general fund impact of \$3 million. A list of the hospitals that HSD has identified as not-for-profit facilities can be found at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

4. Additional Reimbursement Mechanisms for Providers Presenting Cases through Project ECHO

HSD proposes to add new a reimbursement mechanism for providers participating in Project ECHO at the "spoke" end of the program model for their time spent presenting Medicaid patient cases as part of an ECHO consultation clinic. HSD proposes to add pricing for Evaluation and Management (E&M) CPT codes 99446-99449 (interprofessional telephone/internet consultation) to capture the time spent by a provider who is not in direct contact with the patient at the time of service for these consultations. The rates for these codes are proposed to be set at 90 percent of the 2019 Medicare fee schedule. Codes and proposed rates for these services are described below.

CPT 99446-99449: Telephone or internet assessment and management service provided by consultative physician – minutes of medical consultative discussion and review		Proposed Medicaid FFS Rate
CPT 99446	5-10 minutes	\$16.54
CPT 99447	11-20 minutes	\$32.76
CPT 99448	21-30 minutes	\$49.30
CPT 99449	31 minutes or more	\$65.52

Please note that HSD is proposing to require the addition of modifier 32 to the provider's claim for these codes to indicate that the billed service was for an ECHO consultation.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$900,000 total in state and federal funds combined, with a state general fund impact of \$200,000. The codes above and their respective proposed rates are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

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 reimbursements 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 October 20, 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. 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,

A handwritten signature in black ink, appearing to read 'Nicole Comeaux' with 'for NC' written below it.

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