

March 10, 2016

**RE: Tribal Notification Letter 16-05: New Mexico State Plan Amendment (SPA) 16-002
Alternative Payment Methodology for Primary Care Resident Physicians at Federally Qualified
Health Centers (FQHCs).**

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

In accordance with the New Mexico Human Services Department's (HSD) policies, this letter is to notify you that HSD, through the Medical Assistance Division (MAD), is proposing to amend the New Mexico State Plan by submitting an amendment to the Centers for Medicare and Medicaid Services (CMS), to allow an alternate payment methodology in 2016 for FQHCs who are training Primary Care Resident Physicians.

With SPA 16-002, HSD/MAD is proposing to add new language to the section of the Medicaid State Plan related to FQHC reimbursement as follows:

j. Alternate Payment Methodology for Primary Care Residencies:

Beginning January 1, 2016, FQHCs that train primary care resident physicians at the FQHC are eligible for an alternate payment methodology that will supplement the PPS rate.

The total amount of such supplemental payments shall not exceed \$966,184 in 2016, the "Aggregate Maximum." Future aggregate maximums shall be established by future State Plan Amendments.

- i. In order to be eligible for the supplemental payment, the FQHC must complete an agreement with the state agency under which the FQHC will report, on a quarterly basis, the hours worked by primary care resident physicians and the percentage of patients treated at the FQHC who are Medicaid eligible at the time of service.

For each FQHC: $\text{Medicaid FTE} = \text{Total FTEs} \times \text{ratio of Medicaid patients to all patients}$

- ii. The additional payment is made through a settlement process based on the number of hours worked by primary care resident physicians, which is multiplied by the percent of individuals who are Medicaid eligible at the time of treatment at the FQHC.

- iii. For calendar year 2016, the payment to an FQHC for primary care resident physicians will not exceed an FQHC's Medicaid share for training primary care resident physicians as calculated in number (i) above; divided by the total of all participating FQHCs' Medicaid share for training primary care resident physicians which results in a percentage. That percentage will then be multiplied by the Aggregate Maximum to determine the payment to each participating FQHC.
- iv. In the event that the number of FQHCs seeking to qualify for the alternate payment methodology exceeds six FQHCs, the State reserves the right to limit the number of participants to the six FQHCs with the largest number of Medicaid resident-hours.

Tribal Impact: Because IHS and Tribal Facilities do not service as preceptors for training Primary Care Resident Physicians, this State Plan Amendment does not affect Native American individuals, nor does it have a negative financial impact to tribes or their healthcare providers.

IMPORTANT DATES:

- HSD anticipates requesting an effective date retroactive to January 1, 2016.
- HSD anticipates filing the State Plan Amendment with the Centers for Medicare and Medicaid Services (CMS) on March 10, 2016.

Should you have any questions on this State Plan Amendment, please contact the MAD Native American Liaison, Theresa Belanger, Medical Assistance Division, at P.O. Box 2348, Santa Fe, New Mexico 87504-2348, by phone at (505) 827-3122, or by email at: Theresa.Belanger@state.nm.us.

Sincerely,



Nancy Smith-Leslie, Director
Medical Assistance Division

cc: Theresa Belanger, Native American Liaison, MAD
Kari Armijo, Deputy Director, MAD
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Jennifer Mondragon, CMS Liaison, MAD