



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



**DATE: November 19, 2009**

**NUMBER:09-10**

**TO:** ALL PHYSICIAN, CLINIC, AND OTHER PRACTITIONER PROVIDERS  
PARTICIPATING IN THE NEW MEXICO MEDICAID PROGRAM AND MEDICAID  
MANAGED CARE ORGANIZATIONS

**FROM:** CAROLYN INGRAM, DIRECTOR, MEDICAL ASSISTANCE DIVISION

**SUBJECT: REDUCTION IN MEDICAID PAYMENTS FOR PRACTITIONER  
SERVICES EFFECTIVE DECEMBER 1, 2009.**

Effective with dates of service December 1, 2009, there will be a three percent (3%) reduction in provider payment rates for most practitioner services.

For state fiscal years 2007 and 2008, the Medicaid program was pleased to significantly increase most provider rates. Physicians and most other practitioner service rates were increased by an average of 29.5% the first of those years and an additional 1% the following year. For state fiscal year 2008, obstetrical services were increased by 25% while nursing facility visits and Early Periodic Screening, Diagnostic, and Treatment (EPSDT) screenings were increased by 15.5%. Most other providers also received increases.

However, due to a serious shortfall in state revenues largely related to gas and oil taxes, many state program budgets are either being reduced or not sufficiently increased to cover current program costs. The New Mexico Medicaid program budget is no exception. Program costs are outpacing available revenues. Therefore, the Medicaid program is reducing provider rates by amounts that still assure provider reimbursement is reasonable. We trust that providers will understand the reduction is small in comparison to most increases that have been provided in recent years.

The Human Services Department submitted to the Medicaid Advisory Committee options available to New Mexico Medicaid. The input received from this group proved invaluable as Medicaid moved forward with the decision-making process.

A great deal of analysis went into various options and input from numerous stakeholders was given serious consideration. Throughout the process, Medicaid adhered to the goals of better controlling the growth in costs while: 1) protecting children as much as possible; 2) limiting

benefits before reducing eligibility; and, 3) utilizing revenue enhancements that federal contributions help fund.

Even with the implementation or planned implementation of many of the other studied options, it is still necessary to implement a reduction in reimbursement to providers as part of the solution to address the serious budget situation.

The following describes how providers will be affected by the reduction. Managed Care Organizations contracted for the SALUD!, BH SE, CoLTS, and SCI programs will be required to likewise reduce reimbursement levels as applicable consistent with the effective date published in this notice.

**A. PROFESSIONAL PRACTITIONER SERVICES AND OTHER PROVIDERS**

Effective with dates of service beginning December 1, 2009, reimbursement for practitioner services in the Medicaid program will be reduced by three percent (3%).

Unless indicated elsewhere in this notice, services billed using Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) procedure codes performed by healthcare practitioners will be affected by the reduction. This includes services paid at fee schedule rates as well as rates specific for individual providers and types of providers.

Unless otherwise noted, this reduction affects the following services and providers:

- |                                 |                              |
|---------------------------------|------------------------------|
| Ambulatory surgical centers     | Podiatrists                  |
| Audiologists                    | Psycho-social rehabilitation |
| Behavioral health practitioners | Radiology                    |
| Behavior management service     | Rehabilitation centers       |
| Comprehensive Community Support | Renal dialysis facilities    |
| Clinical nurse specialists      | School-based health centers  |
| Clinics (except FQHC & RHC)     | Schools & RECs               |
| Dental hygienists               | Speech Therapy               |
| Dentists                        |                              |
| Dieticians                      |                              |
| Mental health centers           |                              |
| Mental health clinics           |                              |
| Midwives                        |                              |
| Nurse Practitioners             |                              |
| Nurses                          |                              |
| Occupational therapists         |                              |
| Opticians                       |                              |
| Optometrists                    |                              |
| Pharmacist clinicians           |                              |
| Physical therapists             |                              |
| Physician assistants            |                              |
| Physicians                      |                              |

At this time the reduction will not be applied to anesthesia services. Rather, rates for anesthesia services will be evaluated as part of a coding system change to more closely parallel Medicare. A separate notice concerning anesthesia will be sent directly to anesthesia providers.

The reduction will not be applied to payment rates for cost-based encounters (federally qualified health centers and rural health clinics) or federal Office of Management and Budget rates (Indian Health Services and 638-compact facility services paid at OMB rates).

The reduction will not be applied to payment rates that are determined at the federal level (hospice, clinical laboratory, prosthetics, orthotics, and oxygen); to cost-based/cost-settled provider rates (home health agencies); to items and services for which payment is based or largely based on invoice costs (hearing aids, glasses, frames, IV infusions) or to items that are paid at cost plus a percentage (medical supplies).

This reduction in this notice will not be applied to the Early Periodic Screening, Diagnostic and Treatment (EPSDT) screening rates for children, EPSDT personal care, EPSDT private duty nursing, early intervention services (FIT), day treatment, multisystemic treatment, assertive community treatment (ACT), or to home and community based services waivers.

As a result of this change, the total anticipated reduction in payments from the fee for service Medicaid program and managed care organizations is estimated to be \$25 million annually..

**B. BILLING FOR SERVICES**

Provider billing instructions will not change as a result of implementing this reduction. The reduction will be reflected in provider payments but does not require any billing changes on the part of the provider.

**C. COMMENTS**

Providers may view the proposed rates or percent reductions on the MAD website by clicking on the “Provider Information” bullet and selecting “Fee for Service” from the drop down list which links to the following web page:

<http://www.hsd.state.nm.us/mad/PFeeSchedules.html>

Even though the effective date of this change is December 1, 2009, the Medical Assistance Division will receive comments on this reduction through February 5, 2010, to allow sufficient time for interested parties to submit comments. The Medical Assistance Division will review all comments and shall notify providers of any changes that are made due to the comments as well as make any retroactive adjustments to claims that may be necessary.

Copies of all comments will be made available by the Medical Assistance Division upon request by providing copies directly to a requestor or by making them available on the

MAD website or at a location within the county of the requestor. Contact the Medical Assistance Division as indicated below.

**D. CONTACTING MEDICAL ASSISTANCE DIVISION (MAD) PROGRAM STAFF**

Written or e-mailed comments are preferred because they become part of the record associated with this change.

Written comments may be sent to:  
Benefit Services Bureau  
HSD/Medical Assistance Division  
PO Box 2348  
Santa Fe, NM 87504-2348

E-mail comments may be sent to:  
Tabitha.Mondragon@state.nm.us

However, if you have questions regarding the above information, you may contact the Benefits Bureau at (505) 827-3171.

We appreciate your participation in the Medicaid program and look forward to a time of improved economic conditions within the state.