HEALTH CARE AUTHORITY

Michelle Lujan Grisham, Governor
Kari Armijo, Secretary
Alanna Dancis, Acting Medicaid Director

Date: June 26, 2026

To: Heather Thiltgen President and CEO, Jennier Turrietta, PHPDeliverables@phs.org

From: Alanna Dancis, Acting Medicaid Director

CC: Keenan Ryan, Acting Chief Medical Officer, Michal Hayes, Senior Deputy Director, Medical Assistance Division, and Miriam Rivera, MCOB Acting Bureau Chief

RE: Administrative Action – Sanction: Medically Necessary Medications

The New Mexico Health Care Authority/Medical Assistance Division (HCA/MAD), has determined that **Presbyterian Health Plan (PHP)** has failed to meet requirements of its Turquoise Care Medicaid Managed Care Services Agreement (MSA) **24-630-8000-0031**. As a result, and pursuant to **MSA Section 7.3, Failure to Meet Agreement Requirements**, PHP is hereby subject to sanctions due to its failure to maintain compliance with established **medication access standards**.

HCA has identified several practices of PHP that are in violation of **NM statute § 59A-22B-8** (applicable via **NM § 27-2-12.27**), **MSA 4.10.3.11.9**, and **MSA 4.10.3.11.22.2.** This includes but is not limited to the following practices by PHP:

- Utilization of step therapy/prior authorization (ST/PA) requirements for behavioral health medication after attesting that ST/PA requirements were removed.
- Implementation of ST/PA requirements for medications to treat an autoimmune condition
- Implementation of step therapy/prior authorization requirement for medications to treat rare diseases

Under **New Mexico Administrative Code 8.351.2.9**; MAD is required to impose sanctions or penalties for violations of federal or state law, violations of HIPAA regulations, failure to meet professional standards of conduct, noncompliance with NMAC rules, violations of the Medicaid Provider rules, and other misconduct.

MAD/HCA is imposing sanctions on PHP at this time due to:

- Failure to meet contractual requirements related to timely access to medically necessary treatment
- Non-compliance with NMAC and Medicaid program rules through maintenance of barriers to prescribed medications.

Violations of state law through the application of prohibited step therapy and prior authorization requirements.

Failure to Comply

Based on the evidence listed below, HCA finds that PHP failed to meet standards set forth in the rules listed above.

1. Finding 1: PHP was previously issued a Notice of Concern, on or around 4/21/2025, relating to the use of step therapy/ prior authorization requirements for behavioral health medications. In quarter 2 of 2025 PHP attested that the PHP Turquoise Care Formulary had been evaluated and all step therapy/prior authorization requirements had been removed. After this attestation HCA was made aware of at least two instances of behavioral health medication denials. Prior authorizations denials provided by PHP for these members indicate that these medications were denied for failure to try formulary alternatives (i.e., step therapy). In one instance the medication was approved after the state inquired about the medication. In the other instance a member seeking the behavioral health medication was loss to follow-up after the PHP's denial of the medication.
2. Finding 2: In quarter 1 2026, PHP repeatedly denied a prescription for deflazacort. Deflazacort is approved for the treatment of Duchene muscular dystrophy, a rare disease, and has received orphan drug status designation. This agent is used to prevent irreversible muscle loss in individuals with DMD. While PHP eventually approved this medication, the use of ST/PA to delay or prevent access to the medication can have permanent consequences for members and represents an undue burden for providers.
3. Finding 3: In quarter 1 2026, PHP denied the use of cladribine for a patient is multiple sclerosis, an autoimmune condition. Multiple attempts were made by the members and provider to obtain the medication that was denied. The fair hearing process was initiated but subsequently withdrawn. The member pursued alternative means of accessing the medication given the time and burden facing getting the medication through PHP.
4. Finding 4: In quarter 1 2026, PHP denied access to diazoxide choline, an orphan drug, for the treatment of Prader-Willi syndrome, a rare disease. PHP denied the medication as a non-covered weight management benefit. This medication is not generally considered a weight loss medication. Further, under the Early Periodic Diagnostic, Screening, and Treatment standard the member would be eligible for coverage of weight-loss medication.

These findings demonstrate a failure to maintain compliance with state regulatory and contractual requirements, justifying the imposition of sanctions to protect program integrity and member healthcare.

Sanction

PHP is hereby subject to a monetary sanction for repeated failure to comply with ST/PA requirements These failures are significant in nature, resulting in PHP's inability to provide medically necessary services for members. HCA/MAD is imposing a $100,000 sanction ($25,000 per finding) for PHP's failure to comply with contractual requirements. The total sanction amount will be withheld from a future capitation payment.

Future Performance

It is imperative to continue to monitor performance to improve access to medically necessary medications. HCA/MAD is requiring **submission of a detailed action plan responding to each finding outlined in this letter**. The action plan submissions are due July 15, 2026.

HCA requires that PHP provide a designated single point of contact for the action plan implementation and reporting. At minimum, the following items must be included in the action plan submission. Include items in separately labeled sections corresponding to each contract requirement.

1. Finding 1
    A. Evidence to support future compliance with the removal of step therapy and prior authorization requirements for behavioral health medications, including documentation verifying affected formulary entries and system configurations
    B. Corrective measures with responsible parties and internal oversight mechanisms to prevent reintroduction of prohibited ST/PA requirements
        a. Detailed description of monitoring systems, routine audits and escalation procedures to ensure sustained compliance
2. Finding 2
    A. Steps PHP will take to improve outcomes and reduce delays for medications used to treat DMD, including a process to ensure drugs are evaluated without undue administrative burden and within required timeframes
3. Finding 3:
    A. Actions PHP will implement to prevent future violations involving access to medications for autoimmune conditions, including sustainability strategies such as revising denial protocols, staff retraining, and/or enhanced provider communication processes.
    B. Corrective measures with responsible parties such as:
        a. Develop an escalation pathway when multiple attempts for approval have been submitted by the provider.
        b. Implement monitoring of MS medication denials monthly, including case reviews and trend reporting to HCA.
4. Finding 4:
    A. Measures PHP will establish to ensure appropriate evaluation of medications for rare diseases and conditions such as Prader–Willi syndrome, including policies that prevent incorrect classification of benefits and ensure EPSDT standards are applied where applicable.
    B. Corrective measures with responsible parties could include:
        a. Require EPSDT documentation checks for members under age 21 to ensure all medically necessary services are evaluated
        b. Establish a quarterly report summarizing classification errors and corrective actions
        c. Correct formulary coding so diazoxide choline cannot be auto-denied as a weight-management agent.

The first submission containing the action plan for corrective measures must be submitted by close of business on July 15, 2026 via email to HCA-MCODeliverables@hca.nm.gov.

Written confirmation and supporting demonstration that all corrective measures related to Findings 1-4 have been fully implemented and are complete is required and must be provided by October 15, 2026, via email to HCA-MCODeliverables@hca.nm.gov.

If PHP disagrees with this decision, PHP may file a dispute with HCA Administration in accordance with the process outlined in 8.300.17.11 NMAC and the dispute procedures set forth in Contract § 7.11.3. The dispute must be submitted in writing and received by the HCA Secretary with a copy to Acting Medicaid Director (New Mexico Health Care Authority, Office of the Secretary, PO Box 2348, Santa Fe, NM 87504) no later than 30 days from the date of this letter. The written dispute must state the legal and factual basis for the dispute as well as the relief requested. If PHP fails to submit a proper written dispute within the 30 day period, the HCA's findings constitute a final and binding administrative determination under the applicable rules and contract.

If you have any questions regarding this matter, please contact the MCOB Acting Bureau Chief Miriam Rivera at HCA-MCODeliverables@hca.nm.gov or (505) 231-6812.

Sincerely,



Alanna Dancis
Acting Medicaid Director
New Mexico Health Care Authority
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