NOTICE OF HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM RATES

Due to a serious shortfall in state revenues, the Human Services Department has been considering several cost-containment measures for its Medicaid budget. One of these measures involves the move from the "cost settlement" model for hospital outpatient reimbursements to the hospital outpatient prospective payment system (OPPS) model. The Medicaid program is reducing provider rates by amounts that are still reasonable. Effective October 1, 2010 outpatient hospitals will be reimbursed using outpatient prospective payment system (OPPS) rates.

The current Human Services Department Medical Assistance Division rules for hospital services (8.311.2.15 NMAC) allow for reimbursement of outpatient hospitals using outpatient prospective payment system (OPPS) rates. The New Mexico Human Services Register, Vol. 33 No. 17, dated June 16, 2010, contained proposed rules, though not yet finalized, that also included such wording indicating an implementation date of September 1, 2010, for OPPS reimbursement.

The Human Services Department is now intending to implement the OPPS payment method on October 1, 2010. The current "cost settlement" model pays hospitals an interim payment percentage, usually 50% of a hospital's billed charges, followed by a "cost settlement". The fee-based OPPS system payment rates being proposed by the Human Services Department are at 100% of the 2010 Medicare rate for all hospitals.

The OPPS model establishes a standard way of paying all hospitals equally. The OPPS model of payment is essentially a fee schedule model, but also considers payment for some services to be encompassed within the payment of other related services, defines services that are to be "stand-alone" services for payment purposes and specifies services that will not be paid at all.

The new model does not affect payments to physicians or other practitioners and it does not apply to psychiatric hospitals, to Indian Health Service hospitals, or tribal facilities that are paid using the OMB encounter rate.

The actual rates for OPPS reimbursement, now being available, will be sent to each individual New Mexico hospital, and posted on the HSD/MAD website indicated below.

Timeline for Implementation of APC Model for Hospital Rates

August 17, 2010 – Release of each hospital data set to the specific hospital which shows the hospital how 6 months of their claims would have been paid using the OPPS model. Providers will also receive an information packet describing the data simulation including payment and coverage codes and contact numbers for any questions.

September 23, 2010 – Last date to submit comments on MAD hospital rates prior to the implementation of the OPPS rates. However, comments continue to be received until 60 days past the implementation date in the event that providers have comments based on their actual experience of the OPPS reimbursement model.

October 1, 2010 - NM implements OPPS rates.

December 1, 2010 – Last date to submit comments which may include any aspect of the OPPS model including rates, bundling, and separate coverage of codes. Any claims that would be affected by final changes in the rates, bundling, or separate coverage of codes that are made because of the comments received will automatically be reprocessed with no action necessary on the part of the provider.

Financial Impact
The reduction in payments to providers for the Fee-for-Service Program is estimated to be $6 million dollars annually. Reductions by managed care organizations are dependent on the reimbursement levels and methodology used by a specific managed care organization in making payments to a provider.

Comments
Providers may view the proposed rates 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 the change is October 1, 2010, the Medical Assistance Division will receive comments on this change through December 1, 2010, to allow sufficient time for interested parties to submit comments and for providers to actually experience payments under the OPPS methodology, and thus comment further on the payment rates, the bundling of codes, and the separate coverage or non-coverage of codes.

In addition, the Human Services Department Medical Assistance Division will hold a hearing to take oral and written comments on September 23, 2010 at 9:00 a.m.in the South Park Conference Room, 2055 S. Pacheco St., Ste. 500-590, Santa Fe. 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.

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
P0 Box 2348
Santa Fe, NM 87504-2348

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

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

If you are a person with a disability and you require this information in an alternative format or require a special accommodation to participate in any HSD public hearing, program or services, please contact the NM Human Services Department toll-free at 1-888-997-2583, in Santa Fe call 827-3156, or through the department TDD system, 1-800-609-4833, in Santa Fe call 827-3184. The Department requests at least 10 days advance notice to provider requested alternative formats and special accommodations.

Copies of the Human Services Register are available for review on our website at http://www.hsd.state.nm.us/mad/registers/2010.html or by sending a self-addressed stamped envelope

to Medical Assistance Division, Program Oversight & Support Bureau, PO Box 2348, Santa Fe, NM 87504-2348.