DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850

Financial Management Group

May 25, 2021

Ms. Nicole Comeaux, J.D., M.P.H.,
Director Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

RE: New Mexico State Plan Amendment (SPA) 20-0019

Dear Ms. Comeaux:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 20-0019 effective for services on or after July 1, 2020. The SPA increases the number of FTEs for the states GME program which will provide access to care in more rural areas of the state. Both public and private hospitals will be allowed to participate.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 20-0019 is approved effective July 1, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

Francis T. McCullough

For

Rory Howe
Acting Director

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 20 — 019

2. STATE: New Mexico

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: July 1, 2020

5. TYPE OF PLAN MATERIAL *(Check One)*

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 413.75

7. FEDERAL BUDGET IMPACT
a. FFY 20 $ 1,272,589
b. FFY 21 $ 5,686,036

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A pgs. 21, 21A, 21B, 21C

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Same TN 16-008

10. SUBJECT OF AMENDMENT: Graduate Medical Education (GME) Program

11. GOVERNOR'S REVIEW *(Check One)*

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME: Nicole Comeaux

14. TITLE: Director, Medical Assistance Division

15. DATE SUBMITTED: September 30, 2020

16. RETURN TO

Nicole Comeaux, J.D., M.P.H., Director
Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 30, 2020

18. DATE APPROVED: 5/25/21

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL: Francis T. McCullough For

21. TYPED NAME: Rory Howe

22. TITLE: Acting Director, Financial Management Group

23. REMARKS

Instructions on Back

8. Indirect Medical Education (IME) Adjustment

Effective July 1, 2020, each acute care hospital that qualifies as a teaching hospital will receive an indirect medical education (IME) payment adjustment which covers the increase operating or patient care costs that are associated with approved intern and resident programs.

a. In order to qualify as a teaching hospital and be deemed eligible for an IME adjustment, the hospital must:

   1) Be licensed by the State of New Mexico; and

   2) Be reimbursed on a DRG basis under the plan; and

   3) Have 125 or more full time equivalent (FTE) residents enrolled in approved teaching programs or operate one or more nationally-accredited residency programs.

b. Determination of a hospital's eligibility for an IME adjustment will be done annually by the state, as of the first day of the provider's fiscal year. If a hospital meets the qualifications for an IME adjustment after the start of its fiscal year, it will be deemed eligible for the IME adjustment beginning on the first day of the quarter after the date the qualifications were met.

c. The IME payment amount is determined by multiplying DRG operating payments, which are DRG payments and outlier payments, by the IME adjustment factor computed by the following formula:

$$1.89*((1+R)^{.405}-1)$$

Where R equals the number of approved full-time equivalent (FTE) residents divided by the number of available beds (excluding nursery and neonatal bassinets). FTE residents are counted in accordance with 42 CFR 412.105(f) except that the limits on the total number of FTE residents in 412.105(f)(l)(iv) shall not apply. For purposes of this paragraph, DRG operating payments include the estimated average per discharge amount that would otherwise have been paid for Medicaid managed care enrollees if those persons had not been enrolled in managed care.

d. Quarterly IME payments will be made to qualifying hospitals at the end of each quarter. Prior to the end of each quarter, the provider will submit to the Department's audit agent the information necessary to make the calculation, i.e. number of beds, number of estimated residents for the quarter, and the Medicaid DRG amount. After review and adjustment, if necessary, the audit agent will notify the Department of the amount due to/from the provider for the applicable quarter. Final settlement of the IME adjustment amount will be made through the cost report; that is, the number of beds, residents, and DRG amounts used in the quarterly calculation will be adjusted to the actual numbers shown on the provider's cost report for those quarters.

9. Payment for Direct Graduate Medical Education (GME)

The purpose of this Direct Graduate Medical Education plan is to incentivize Primary Care and General Psychiatry to address the state's primary care shortage. Payments for Direct Graduate Medical Education in Accreditation Council of Graduate Medical Education (ACGME)-accredited programs will be directed to four (4) categories of providers including the State Academic Medical Center, Hospitals, Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs) that support the cost of resident training.

a. Eligibility:

To be claimed in the calculation for Medicaid GME reimbursement, a resident must be participating in an ACGME approved medical residency, as defined by Medicare in 42 CFR 413.75(b). With regard to categorizing residents, as described in paragraph 2 of this section, the manner of counting and weighting resident FTEs will be the same as is used by Medicare in 42 CFR 413.79 except that the number of FTE residents shall not be subject to the FTE resident cap described in 413.79(b)(2).

1) For a hospital to qualify for Medicaid GME payments, a hospital must be licensed by the state of New Mexico, be currently enrolled as a Medicaid provider, must have achieved a Medicaid inpatient utilization rate of 5 percent or greater during its most recently concluded fiscal year, and participate in the costs of a nationally accredited residency program either directly or under contract with an ACGME-accredited program.

2) For FQHCs and RHCs to qualify for Medicaid GME payments, the FQHC/RHC must be licensed by the state of New Mexico, be currently enrolled as a Medicaid provider, must have achieved a Medicaid utilization rate of 35 percent or greater of total payor mix during its most recently completed state fiscal year, and participate in the costs of a nationally accredited residency program either directly or under contract with an ACGME-accredited program.

b. Approved resident FTEs are categorized as follows for GME payment:

1) Primary Care (meaning Family Medicine, General internal Medicine, General Pediatrics, and General Psychiatry) resident.

2) Other approved resident. Any resident specialty not meeting the criteria in Items b.1, above.

c. Payments:

1) Payments will be made quarterly to qualifying entities, at a rate determined by the number of full-time-equivalent (FTE) residents in Primary Care, General Psychiatry and Other specialty training as defined below, who worked at the respective facility during the quarter for which GME payments are requested and

subject to the total resident FTE described below.

2) Existing GME Positions
   i. GME payment amount per current resident FTE; the annual Medicaid payment amount per resident FTE in state fiscal year 2021 for 510 FTE residents counted as of the end of state fiscal year 2019 is as follows:
      - Primary Care and General Psychiatry resident $50,000
      - Other resident $50,000
   ii. The per resident amounts will be inflated for state fiscal years beginning on or after July 1, 2021 using the annual inflation update factor described in paragraph e.1.

3) Expansion GME payment amount per resident FTE
   i. Expansion positions are new ACGME-approved positions that begin training on or after July 1, 2020;
   ii. The annual Medicaid payment amount per resident FTE beginning with state fiscal year 2021 is as follows:
      - Primary Care and General Psychiatry resident $100,000
      - Other resident $50,000
   iii. "Other" resident FTE will be equal to or less than the number of eligible new/expanded Primary Care and Psychiatric Residents in any prior fiscal year.
   iv. The total number of expansion residents of hospitals, FQHCs and RHCs will be limited to the number of Primary Care and Psychiatric resident FTEs approved in the annually updated state GME Expansion Strategic plan and shall not exceed 101.
      - SFY 2021 - 2 FTE
      - SFY 2022 - 21 FTE
      - SFY 2023 - 31 FTE
      - SFY 2024 - 32 FTE
      - SFY 2025 - 15 FTE
      - Each year after shall be limited by 10 FTE per year or as determined by the Secretary of HSD
   v. The annual Medicaid payment amount per resident FTE as set forth in paragraph c.3(ii) above is contingent upon the certification of each participating GME program director that increased GME funding will go directly to the GME program.

d. State Academic Medical Center:

1) The State Academic Medical Center shall provide the state share of the general fund needed to support its number of GME FTEs through an intergovernmental transfer (IGT). FTEs for the State Academic Medical Center shall only be limited by the IGT the State Academic Medical Center makes available.

2) The State Academic Hospital shall receive the annual Medicaid payment amount in paragraph c.3(ii) per resident FTE in state fiscal year 2021 and each subsequent year. The per resident amount for residents counted as of the end of state fiscal year 2019 is described in paragraph c.2(i).

e. Annual Inflation Update Factor:

1) The per resident amounts specified in paragraph c.1 will be inflated for state fiscal years beginning on or after July 1, 2021 using the annual inflation update factor directed by CMS.

2) The Department at its discretion and budget availability will update the per resident GME amounts for inflation using the global inflation factor as directed by CMS.

f. Reporting and payment schedule:

1) GME payment eligible entities will count the number of residents working according to the specification in this part during each fiscal year (July 1 through June 30) and will report this information to the Department by December 31. Counts will represent the weighted average number of residents who were employed by the eligible entity during the specified 12-month period. Eligible entities may also add to this count any FTEs associated with newly approved residency programs that will be implemented on or before the start of the prospective GME payment year, to the extent that these FTEs are not already reflected in the weighted average counts of the preceding year. To illustrate, resident FTE amounts would be counted from 07/01/18 - 06/30/19 for the payment year 07/01/20 - 06/30/21. The Department may require eligible entities to provide documentation necessary to support the summary counts provided.

2) The Department will establish the amount payable to each eligible entity for the prospective payment period that will begin each July 1.

3) The annual amount payable to each hospital is divided into four equal payments. These payments will be made by the Department on or about the start of each prospective payment quarter.

4) Should a facility not report timely with the accurate resident information as required in paragraph 1, above, it will still be entitled to receive payment for any quarter yet remaining in the prospective payment year, after acceptable information has been submitted.

5) FQHC/RHC will provide a copy of the most recently submitted HRSA, Bureau of Primary Health Care, Uniform Data System (UDS) for the most recent state fiscal year (July 1 through June 30) and will report this information to the Department by December 31.