New Mexico Hospital Association

2009 Legislative Agenda

FINANCING

HSD Emergency Rule on Hospital Services (HSD Register Vol. 31, No. 50)

Background: The Human Services Dept. has published an emergency rule which is meant to take effect on 1/1/09 with a public hearing date of January 15. The rule amends NMAC 8.311.2. Among other things, HSD wants to take these steps which are suggested in the background summary but not defined yet:

- Lower the interim OP reimbursement rate from 77% of charges to the cost to charge ratio. This is agreeable for Medicaid FFS because those services are cost settled. However, it also essentially sets a negotiation floor for Salud contracts.
- Reimburse OP hospital services at Outpatient Prospective Payment System (OPPS) Rates
- Reimburse for OP radiology services according to a MAD fee schedule.

The emergency rule language itself states:

- If a provider and an MCO are unable to agree on terms, the default payment will be the "applicable reimbursement rate" which is defined as the "rate paid by HSD to the provider participating in Medicaid" which is will ultimately be linked to the cost to charge ratio mentioned above.
- Effective 1/1/09, OP hospital services are reimbursed using OPPS with lab and radiology services not exceeding "maximum levels established by MAD". These levels have not been defined but again the reference is back to their overall premise of cost to charge

The rule estimates an impact of $2.8M but HSD acknowledges that this refers to the known FFS impact and the Salud impact is more like $40M.

NMHA Position: ***Oppose*** *the implementation of this rule as published. Seek equitable modifications through the public hearing process and through legislation if needed.*