



**New Mexico  
Hospital Association**

**Concise Guide to New Mexico Medicaid**

**OVERVIEW**

New Mexico Medicaid provides healthcare coverage to low income residents with eligibility requirements tied to the federal poverty levels. Approximately one-third of hospital services are covered under the fee-for-service program (generally called “traditional Medicaid”) and two-thirds of services are covered under the managed care program named Salud! Fee for service reimbursement is made for patients that are on Medicaid but have not yet been assigned to one of four contracted managed care companies.

NM Medicaid is overseen by the Medical Assistance Division (MAD) within the Human Services Department (HSD).

Traditional Medicaid acute care inpatient hospital services are paid under a prospective payment system for operating costs with a retrospectively determined capital payment. A diagnosis related group (DRG) payment is made with an interim capital payment in the form of a fixed amount per discharge. Most outpatient services are paid on a cost basis, subject to reimbursement reductions. Outpatient laboratory services and outpatient pharmaceuticals issued in the E.R are paid via a fee schedule. Psychiatric and Rehabilitation hospitals are paid under the TEFRA methodology for inpatient services. FY 08 Expenditures = \$184,540,000.00

The Salud! program is contracted to four Managed Care Organizations (MCOs). The MCOs are: Presbyterian Health Plan, Lovelace Health Plan, Molina Healthcare of New Mexico and Blue Cross/Blue Shield of New Mexico. The MCOs contract with hospitals under a variety of managed care contracts that are negotiated individually with each hospital. FY 08 Expenditures = \$1,141,261,000.

**BEHAVIORAL HEALTH**

New Mexico Medicaid provides behavioral health services under the auspices of the Governor appointed Collaborative. The Medicaid program contracts with a statewide services purchasing entity (SE) named ValueOptions of New Mexico. ValueOptions is responsible for maintaining the statewide provider network and managing the service delivery system. ValueOptions contracts with behavioral health providers and receives and pays claims for behavioral health services. FY 08 Expenditures = \$234,106,000. (managed care) and \$35,503,308 (coordinated fee for service)

**SOLE COMMUNITY PROVIDER PROGRAM**

New Mexico Medicaid's sole community provider (SCP) program was enacted to recognize certain hospitals, who because of isolated location, weather or travel conditions, or absence of other hospitals, are the only source of inpatient hospital services reasonably available in a geographic area. The program is funded by counties who pay the state share amount required to draw down federal dollars. Each quarter the counties send in the match to the Human Services Department. Once all checks are deposited, the payments are made to the hospitals. New Mexico's federal / state share is approximately 71% to 29%. The program consists of two components, the regular quarterly SCP payments and the UPL / Supplemental payment. The SCP base is calculated annually by the Department and allocated among all acute care general hospitals that qualify as sole community providers. The upcoming fiscal year's SCP is determined in late February / early March based on hospital requests and county approvals that are due no later than February 15th of each year. The hospitals are entitled to receive the lesser of the Department's calculation or the county's approved amount. The Department's calculation is the prior year SCP received + prior year supplemental received + the Market Basket Index (MBI) as published by the Federal Government. FY 08 expenditures = \$138,197,894.

### **UPPER PAYMENT LIMIT (UPL)**

The Upper Payment Limit or Supplemental payment is based on a CMS approved Medicare Upper Payment Limit calculation for the state's hospitals and is distributed to SCP hospitals. The calculation is the difference between what Medicaid pays and what Medicare would have paid for those services. This is calculated annually in July. The supplemental state share payments must be received from participating counties by mid September and the supplemental payment must be paid by the end of the federal fiscal year (September 30). UNMH as a teaching hospital is allowed to participate in the supplemental part of the program but not in the regular SCP. FY08 Expenditures = \$47,004,829.

### **MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH)**

N.M. Medicaid makes a quarterly DSH payment to qualifying hospitals to take into account those hospitals that are serving a disproportionate number of low income patients with special needs. There is an annual regulatory formula used to determine which hospitals are eligible. Eligible hospitals are grouped into one of four pools: Teaching Prospective Payment System (PPS) Hospitals, Non-teaching PPS hospitals, PPS-Exempt (TEFRA) hospitals, and a reserve pool which compensates those qualifying DSH hospitals which have had a shift in the delivery of services between low-income and Medicaid covered inpatient days in any given quarter. The funds allocated to each pool are paid to qualifying hospitals quarterly, based on the number of Medicaid discharges. FY 08 Expenditures = \$24,988,516.

### **STATE COVERAGE INSURANCE (SCI)**

N.M. Medicaid's SCI program is aimed at reducing the number of uninsured working New Mexico residents and increasing the number of small employers who offer health benefits. SCI offers a basic health insurance benefit provided by contracted managed care organizations. The health insurance plan includes premium sharing by members, employers and the state and federal governments. FY 08 Expenditures = \$98,976,000.00

### **STATE CHILDRENS HEALTH INSURANCE PROGRAM (SCHIP)**

New Mexico's SCHIP is an expansion of regular Medicaid and that means the SCHIP program is the same as regular Medicaid. Eligible persons are those children who are under 19 years of age in families with incomes between 185% and 235% of federal income poverty guidelines. Children under 185% are covered under regular Medicaid. SCHIP has a higher federal match (approximately 79%).

### **PHYSICIAN SERVICES**

N.M. Medicaid pays for physician services using a CPT based fee schedule for the traditional Medicaid program. Physician services are also covered under the managed care program, Salud! Under the Salud! program, the Managed Care Organizations contract with physicians under negotiated arrangements. FY 08 Expenditures were \$52,481,000.

### **LINKS**

Human Services Department homepage:

<http://www.hsd.state.nm.us/>

Medical Assistance Division homepage:

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

Medical Assistance Division phone list:

[http://www.state.nm.us/hsd/mad/pdf\\_files/GeneralInfo/bureauophonelist.pdf](http://www.state.nm.us/hsd/mad/pdf_files/GeneralInfo/bureauophonelist.pdf)

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