



Office of the Governor

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**Gov. Lujan Grisham delivers on  
increasing Medicaid reimbursement rates  
\$60 million for targeted provider rate increases**

SANTA FE – Gov. Michelle Lujan Grisham on Wednesday announced her plan to raise certain Medicaid provider rates by \$60 million effective July 1.

These reimbursement rate increases will bolster those who deliver care and services to the most vulnerable New Mexicans and help rebuild and protect New Mexico's health care delivery network, particularly in rural areas and for providers of behavioral health, primary care, dental services, specialty care and long-term services, as well as for independent community pharmacies.

“Raising our Medicaid payment rates strengthens our partnership with key health care providers,” Gov. Lujan Grisham said. “I want to thank state legislators for their joining in our commitment to a thriving and revitalized health care system across the state. These efforts will help us recruit and retain essential medical professionals and signal our unwavering support for both providers and their patients.”

Medicaid rates to physicians and others were cut or not adjusted for inflation by the previous state administration, resulting in some rates falling to 70 percent of the Medicare fee schedule used to reimburse practitioners. As part of her commitment to recruit and retain more providers, Gov. Lujan Grisham has emphasized developing a reliable plan to increase rates based on national standards. Under the governor's plan, beginning July 1, the Medicaid rates for the most frequently billed services will increase from 70 percent to 90 percent of the Medicare fee schedule.

The proposed rate increase was endorsed by the New Mexico Legislature during the 2019 session. Through various revenue streams and an increase to the budget of the Human Services Department, New Mexico can leverage \$13.1 million in state general funds and combine it with the state's federal match of \$46.9 million, investing a total of \$60 million to increase the rates for healthcare providers in our state.

“New Mexico has the nation’s highest combined percentage of residents covered by Medicaid and Medicare,” said HSD Secretary David R. Scrase, M.D. “These are traditionally lower-paying programs. As we discussed during the legislative session, it is our hope that increasing Medicaid provider reimbursement rates will reduce the upward pressure on commercial insurance rates over the next several years.”

“Thanks to the governor’s leadership, along with the strong financial support of the New Mexico Legislature, we now have the opportunity to make significant increases in reimbursements to our areas of highest priority: behavioral health, primary care and rural providers,” said Nicole Comeaux, HSD Medicaid Director.

In a document posted Wednesday for public comment, the Medicaid program outlines the following proposed changes:

- 1) \$37.4 million increase in payments for evaluation and management codes, which cover the non-procedural services patients receive from their provider in any face to face visit. Medicaid payment rates will rise from approximately 70 percent to a minimum of 90 percent of the Medicare fee schedule that is used to reimburse individual practitioners such as physicians, psychologists and nurse practitioners. Behavioral health, primary care, and specialist providers will all see significantly increased reimbursements because of this change.
- 2) \$4.6 million increase in payments for dental services.
- 3) \$2.1 million increase in payments for community-based pharmacies.
- 4) \$11.9 million increase in payments for long term services and supports providers, who deliver personal care services for many of our state’s most vulnerable members, allowing them to stay in their homes, rather than being moved into a facility.
- 5) \$650,000 increase for the Program of All-Inclusive Care for the Elderly (PACE)
- 6) \$320,000 increase for assisted living facilities.
- 7) \$800,000 for chronic and transitional care management services. Medicaid is adding payment for new codes that help support the costs of providers and their office staff for services to patients recently discharged from the hospital, and those with multiple chronic medical conditions. These payments will compensate providers for the growing administrative costs of caring for complex patients.
- 8) \$2 million for topical fluoride varnish services for children.
- 9) \$230,000 for the addition of supportive housing services.

The dollar amounts above reflect state and federal funds combined.

HSD’s Medicaid program intends these changes to be the first phase in a three-year plan designed to create fair, nationally benchmarked and annually adjusted provider rates, which can be easily adjusted each year depending on resources available within the state general fund.

“On behalf of New Mexico physicians, the New Mexico Medical Society thanks our governor, legislators and the Human Services Department for the significant increase in Medicaid reimbursement,” said Randy Marshall, executive director for the New Mexico

Medical Society. “This remarkable accomplishment helps increase access for Medicaid patients, establishes a strong foundation for recruiting and retaining medical professionals in New Mexico, and highlights the administration’s support for physicians and their patients.”

In addition, legislators approved and the governor signed bills supporting a hospital rate increase and a nursing facility surcharge in the 2019 legislative session. A separate public notice for the hospital rate increase will be issued soon, and work is in progress to establish the more complex nursing facility surcharge program early next year.

“The delivery of care services for our most vulnerable population is at a critical point because the cost of doing business keeps going up. Our biggest financial challenges are workforce issues: employee retention and training staff,” said Patsy Romero, CEO for Easterseals El Mirador an intermediate Care Facility for Individuals with Intellectual Disabilities is (ICF/IID) and a non-profit 501(c)(3) agency. “The rate increase will help ensure services are being delivered appropriately to meet the demands of our disabled residents.”

The administration plans a few additional increases for providers in October, including an increase in rates for the dental services offered by Federally Qualified Health Centers, as well as increasing the rates for FQHCs which have rates below the statewide mean. In addition, HSD will propose a plan for paying providers who present their Medicaid patients to specialists via Project ECHO.

In the notice released today, the Department of Human Services invites the public, including all providers, to view documents and [make comments here](#).

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