HEALTH CARE AUTHORITY

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July 14, 2026

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RE: Administrative Action for PHP – Corrective Action Plan (CAP): Medically Necessary Services for the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Population

A. ISSUE

The New Mexico Health Care Authority, Medical Assistance Division (HCA MAD), has determined that Presbyterian Health Plan (PHP) is not in compliance with federal EPSDT requirements and applicable provisions of the Turquoise Care Medicaid Managed Care Services Agreement (MSA) 24-630-8000-0031. Specifically, HCA has identified instances in which PHP applied coverage limitations, prior authorization requirements, and utilization management practices that resulted in the denial or delay of medically necessary services for Medicaid members under twenty-one (21) years of age.

These actions reflect a failure to ensure access to medically necessary EPSDT services and a failure to comply with prior HCA directives issued through formal monitoring activities, including the July 29, 2025, Letter of Expectation, and May 15, 2026, deliverable.

B. RULE

Pursuant to MSA Section 4.5.2.1.4, PHP is required to provide medically necessary services in accordance with Section 1902(a)(10) and Section 1905(r) of the Social Security Act, 42 C.F.R. §§ 441.50-441.62, NMAC 8.308.9, NMAC 8.320.2, and all applicable federal and state Medicaid requirements.

Section 1905(r)(5) of the Social Security Act requires coverage of all medically necessary services necessary to correct or ameliorate a physical or mental illness or condition identified through screening, regardless of whether the service is otherwise covered under the New Mexico Medicaid State Plan.

Additionally, MSA Section 4.10.3.11.9 requires PHP to maintain an open formulary for behavioral health medications identified by HCA and prohibits utilization management practices that conflict with HCA requirements regarding medically necessary behavioral health treatment. When a prescribing practitioner documents that a brand medication is medically necessary, PHP may not require prior authorization, step therapy, or fail-first protocols as a condition of coverage.

Further, NMAC 8.308.9.11(A)(4) requires the MCO to provide medically necessary services consistent with governing decisions regarding benefit coverage for a member under 21 years of age by the EPSDT program coverage rule to the extent they are applicable.

Lastly, under MSA Section 7.3, HCA may impose corrective actions and additional administrative remedies when a Managed Care Organization fails to meet contractual obligations.

C. ANALYSIS

HCA's review of PHP's responses to prior corrective directives, ongoing monitoring activities, denied claims data, and individual case reviews demonstrates continued noncompliance with EPSDT requirements. Despite PHP's representations that corrective actions had been completed, HCA continues to identify recent instances where medically necessary services for EPSDT-eligible members were denied or delayed based on coverage limitations that are inconsistent with federal EPSDT standards.

Specifically, HCA identified:

1. At least four (4) denials involving medications prescribed to members with behavioral health diagnoses, including denials of weight-management medications (GLP-1) when medical necessity had been established by a physician specializing in pediatric nutrition and lifestyle modification.
2. Denials of dental restorative services for EPSDT-eligible members based on plan limitations that were more restrictive than Medicaid Fee-for-Service coverage standards and inconsistent with EPSDT requirements.
3. PHP denied coverage for dental fillings because the member had previously received a filling within a three-year period. The denial applied an adult coverage limitation that is inconsistent with EPSDT requirements and resulted in delayed treatment for a minor with documented dental disease. The denial created a significant risk of deterioration in the member's oral health and demonstrated a failure to ensure access to medically necessary treatment required under federal law. This specific situation clearly demonstrated that PHP’s subcontractor did not apply its own policy (UM08) and failed to screen requests for coverage under the EPSDT coverage standards.

T These examples are illustrative and not exhaustive and indicate systemic deficiencies in PHP's operationalization of EPSDT requirements, including deficiencies in coverage determination processes, utilization management practices, staff training, policy implementation, and oversight

mechanisms. HCA therefore finds that PHP has not demonstrated meaningful or sustained compliance with EPSDT requirements and remains out of compliance with the MSA.

CORRECTIVE ACTION REQUIRED

Pursuant to MSA Section 7.3, HCA directs PHP to submit a comprehensive CAP that identifies the root causes of noncompliance and outlines the specific actions PHP will implement to ensure ongoing compliance with EPSDT requirements. At a minimum, the CAP shall include:

1. **Root Cause Analysis**
   A detailed analysis of operational, clinical, policy, formulary, utilization management, training, and oversight deficiencies that contributed to the identified EPSDT violations.
2. **Executive Attestation**
   Written attestation from the Chief Executive Officer, Chief Medical Officer, Compliance Officer, and other Key Personnel with direct responsibility for EPSDT-related coverage determinations, utilization management, pharmacy benefit administration, appeals, quality management, and provider oversight, confirming that they have reviewed the CAP and understand PHP's obligations under federal EPSDT requirements, CMS guidance, and the MSA.
3. **Policy and Procedure Review and Submission**
   A comprehensive review and revision of all policies, procedures, coverage criteria, prior authorization protocols, utilization management practices, and formulary controls affecting EPSDT-eligible members. PHP shall submit the policies and procedures and specifically identify changes made to ensure that medically necessary services are not denied based on adult benefit limitations or other restrictions inconsistent with EPSDT requirements. These policies and procedures should have clear guidance addressing the previously identified deficiencies for GLP-1 coverage and dental fillings.
4. **Training Implementation**
   Evidence of training materials and training implementation for PHP staff, subcontractors, and participating providers on coverage limitations, prior authorization requirements, and utilization management practices for EPSDT-eligible members.
5. **Case Review and Remediation**
   Review and submission of all EPSDT-related claims and prior authorization denials issued from the prior quarter, including:
   - **a.** Member identifier;
   - **b.** Date of service;
   - **c.** Service requested;
   - **d.** Denial reason;
   - **e.** Appeal status;
   - **f.** Corrective action taken; and
   - **g.** Whether the denial was determined to be inconsistent with EPSDT requirements.
6. **Ongoing Monitoring and Reporting**
   Quarterly reports of all denied claims and prior authorizations for members under age twenty-one (21), including denial categories, trends, root causes, corrective actions, and quality improvement interventions. PHP shall submit a proposed reporting template for HCA review and approval by July 31, 2026.

7. **Governance and Accountability**
   Designation of a single executive-level point of contact responsible for CAP implementation, monitoring, reporting, and communication with HCA.

D. SUBMISSION

The CAP submission is due no later than **close of business, July 31, 2026**. For purposes of establishing the reporting baseline, the first report shall include claims adjudicated during the period January 1, 2026, through March 31, 2026. Once the structure of the ongoing and monitoring report described in Section D.6 is approved by the state, the report is due on the last business day of the month for each quarter (e.g., July 31, 2026, October 30, 2026) reflecting adjudicated claims from the previous quarter (see example below)

Date of report	Claims dates
July 31, 2026	January – March 2026
October 30, 2026	April – June 2026
January 29, 2027	July – September 2026
April 30, 2027	October – December 2026

The first CAP submission and ongoing information must be sent electronically via email to HCA-MCODeliverables@hca.nm.gov.

Failure to timely submit required reports, comply with CAP requirements, or demonstrate meaningful progress toward correcting the deficiencies identified in this letter may result in additional administrative actions, including the imposition of sanctions and other remedies available under MSA Section 7.3.

If you have any questions, please contact your contract manager.

Miriam Rivera
New Mexico Health Care Authority
Acting MCOB Bureau Chief