DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

February 25, 2025

Dana Flannery, Director
Medical Assistance Division
New Mexico Department of Human Services
PO Box 2348
Santa Fe, NM 87504-2348

Re: New Mexico State Plan Amendment (SPA) 24-0011

Dear Director Flannery :

The Centers for Medicare & Medicaid Services (CMS) completed the review of New Mexico's State Plan Amendment (SPA) Transmittal Number NM-24-0011 submitted on December 3, 2024. The purpose of this SPA is to update the PACE Rate methodology to amend the Amount Would Otherwise Have Been Paid (AWOP) methodology.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations found at 42 CFR 447.201. This letter is to inform you that New Mexico's Medicaid SPA 24-0011 is approved with an effective date of November 1, 2024.

If you have any questions concerning this information, please contact me at (410) 786-7561. You may also contact Angela Cimino at angela.cimino@cms.hhs.gov or (410) 786-2638.

Sincerely,

George P. Failla Jr -S

Digitally signed by George P. Failla Jr -S
Date: 2025.02.25 14:02:10 -05'00'

George P. Failla, Jr., Director
Division of HCBS Operations & Oversight

Enclosures

cc: Valerie Tapia, NM HCA
New Mexico PACE team
Angela Cimino, CMS DHPC
Cindy Proper, CMS DHPC
Cynthia Nanes, CMS DHCBSO
Wendy Hill Petras, CMS DHCBSO

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: 24-0011

2. STATE: NM

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
November 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 460

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 25 $ 0
b. FFY 26 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 3 to Attachment 3.1 A (Page 6-7)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Supplement 3 to Attachment 3.1 A (Page 6-7) (TN: 06-02)

9. SUBJECT OF AMENDMENT

Effective November 1, 2024, New Mexico Medicaid will update the Amount Would Otherwise Have Been Paid (AWOP) methodology. This methodology is developed in accordance with the CMS rate setting guide. They are developed prospectively on a per member per month (PMPM) basis and are updated annually.

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Dana Flannery

13. TITLE
Director, Medical Assistance Division

14. DATE SUBMITTED
12/03/2024

15. RETURN TO

Dana Flannery
Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

FOR CMS USE ONLY

16. DATE RECEIVED
December 3, 2024

17. DATE APPROVED
February 25, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
November 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL
George P. Failla Jr -S
Digitally signed by George P. Failla Jr -S
Date: 2025.02.25 14:01:50 -05'00'

20. TYPED NAME OF APPROVING OFFICIAL
George P. Failla, Jr.

21. TITLE OF APPROVING OFFICIAL
Director, Division of HCBS Operations & Oversight

22. REMARKS

Instructions on Back

Supplement 3 to Attachment 3.1-A

State of __New Mexico_
PACE State Plan Amendment Pre-Print

II. Rates and Payments

A. The State assures CMS that the capitated rates will be less than the cost to the agency of providing State plan approved services to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the amount the state would have otherwise paid for a comparable population.

1.____ Rates are set at a percent of the amount that would otherwise been paid for a comparable population.
2.____ Experience-based (contractors/State's cost experience or encounter data) (please describe)
3.____ Adjusted Community Rate (please describe)
4._X_ Other (please describe)

The amounts that would otherwise have been paid (AWOPs) for PACE are developed in accordance with the CMS' PACE Medicaid Capitation Rate Setting Guide prospectively on a per member per month (PMPM) basis and are updated each year. They represent the amount the State would have paid had the PACE members received their services through the State's Medicaid managed care program.

The AWOPs are developed utilizing the State's Medicaid managed care encounter data submitted by the managed care organizations for the long-term services and supports (LTSS) program and utilize applicable adjustments and assumptions that apply to the PACE eligible population. The AWOPs are a blend of the costs incurred by the Nursing Facility (NF) and Community Benefit (CB) populations. The rate cells are established by Medicaid enrollment status as follow:

- Dual Eligible
- Medicaid Only

The State determines the final rate paid to the PACE organization and will ensure that the final rate will be less than the AWOP.

B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner.

C. The State will submit all capitated rates to CMS for prior approval, and will include the name, organizational affiliate of any actuary used, and attestation/description of the capitation rates.

III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.