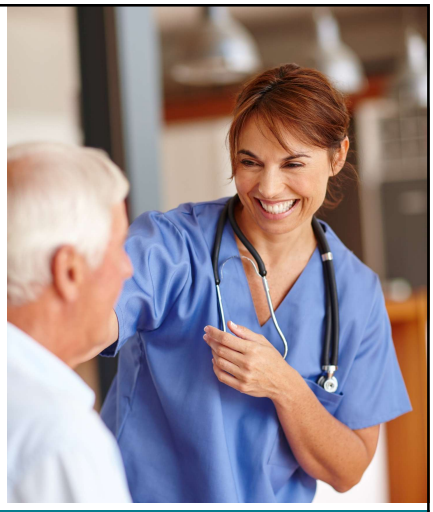
HEALTH CARE AUTHORITY



ICF/IID PROVIDER QUARTERLY MEETING
JULY 14- DDSD

INVESTING FOR TOMORROW, DELIVERING TODAY.

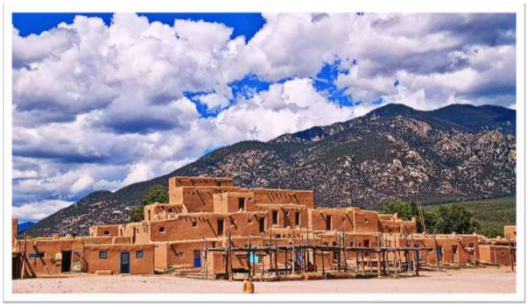
1

BEFORE WE START…

On behalf of all colleagues at the Health Care Authority, we humbly acknowledge we are on the ancestral lands of the original peoples of the Pueblo, Apache, and Diné past, present, and future.

With gratitude we pay our respects to the land, the people and the communities that contribute to what today is known as the **Great State of New Mexico**.

Learn more: About Taos Pueblo at Taospueblo.com



A cloudy morning looking over Taos Pueblo
Photo provided by elpueblolodge.com

HEALTH CARE AUTHORITY
Investing for tomorrow, delivering today.

MISSION

We ensure New Mexicans attain their highest level of health by providing whole-person, cost-effective, accessible, and high-quality health care and safety-net services.

HEALTH CARE AUTHORITY

VISION

Every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system.

GOALS

LEVERAGE purchasing power and partnerships to create innovative policies and models of comprehensive health care coverage that improve the health and well-being of New Mexicans and the workforce.

BUILD the best team in state government by supporting employees' continuous growth and wellness.

ACHIEVE health equity by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.

IMPLEMENT innovative technology and data-driven decision-making to provide unparalleled, convenient access to services and information.

AGENDA

- Introductions
- Meeting Purpose
- MAD Financial Management Bureau & Myers and Stauffer – SFY27 HCQS Rate Presentation (25 Minutes)
- DDSD Updates & Reminders
- Admissions, Transitions & Discharges
- Communicating PHI Securely
- Upcoming Payment Error Rate Measurement (PERM) Audit
- DDSD Listserv and E-Blasts

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

MEETING PURPOSE

- Provide brief quarterly updates on program requirements, quality assurance topics, and timely “hot topics.”
- Strengthen routine communication with ICF/IID providers.
- Establish meeting agendas with input from ICF/IID providers to ensure relevance and shared priorities.
- Offer a consistent space for questions, clarification, and partnership.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

SFY27 HEALTH CARE QUALITY SURCHARGE (HCQS) 101

INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID)

6

EXECUTIVE SUMMARY & PURPOSE

- The Health Care Quality Surcharge (HCQS) was created by Senate Bill 246 (SB246) in the 2019 Regular Legislative Session. The program imposes a daily surcharge on certain types of Facilities, including Nursing Facilities (NF) and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), for non-Medicare bed days. The purpose of the surcharge is to increase each Facility's Medicaid reimbursement rates by at least the rate of nursing home inflation and to provide bonus payments to Medicaid Certified Facilities (NFs only) based on performance data.
- Per SB246, "the purpose of the Health Care Quality Surcharge Act is to enhance federal financial participation in Medicaid to increase Medicaid provider reimbursement rates and support facility quality improvement efforts in skilled nursing facilities, intermediate care facilities and intermediate care facilities for individuals with intellectual disabilities."
- Today's presentation is focusing on "ICF/IID HCQS 101."

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

BACKGROUND: CMS APPROVAL

CMS Approval:

- The Health Care Authority (HCA) received CMS Approval of the HCQS tax assessment on November 19, 2019, for Nursing Facilities (NFs) and Intermediate Care Facilities for individuals with Intellectual Disabilities (ICF/IIDs).

Does ICF/IID HCQS require waiver approval from CMS?

- No, ICF/IID HCQS is broad based and uniform; thus, no waiver needed from CMS.
- NF HCQS is not broad based, or uniform; thus, an approved waiver was required from CMS

What does broad based and uniform mean?

- ICF/IIDs get the same equal rate of 6% net revenue, not to exceed the upper payment limit (UPL)

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

BACKGROUND: DISABILITY HEALTH CARE FACILITY FUND

Under SB246, the "Disability Health Care Facility Fund" supports two distinct payments to ICF/IIDs:

1. Reimbursement for the Medicaid portion of the surcharge, which is a pass-through. Uniform rate per-diem add-on equivalent to the surcharge for each non-Medicare Day.
   - SFY27 ICF/IID uniform rate surcharge: $30.30
2. Annual per diem rate increases to the facility Medicaid reimbursement rates.
   - The increase for each level of care starting 7.1.2026 is $1.95. This makes the total increase from HCQS $77.04 above ICF/IID rebased rates

Upper Payment Limit (UPL)

- Per the Senate Bill 246, the Disability Health Care Facility Fund must be limited to either the Fee For Service (FFS) UPL or 6% of Net Revenue, whichever is lower.
- ICF/IIDs are FFS only
- ICF/IIDs have historically been limited to the UPL gap which has been lower than 6% of revenue.
  - Note: SFY 2023 was the first year the ICFs were limited to 6% of net revenue.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

HCQS MARKET BASKET INDEX (MBI)

- ICF/IIDs do not receive an MBI inflation at 7.1. ICF/IIDs receive a uniform dollar increase funded by HCQS.
- The increase for each level of care effective SFY27 (7.1.26) is $1.95. This makes the total increase from HCQS $77.04 above ICF/IID rebased rates.
- Per the state plan, an MBI could be added to this every 9.1; however, that has not occurred since the implementation of HCQS. The new Annual Supplemental lump sum ICF/IID payment will exhaust UPL room for each ICF/IID.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

HOW IS HCQS MODELED? ICF/IID ANNUAL MODEL

- Model prepared annually prior to the start of each State Fiscal Year (SFY).
- Model supported by previous calendar year data submitted by ICF/IIDs for HCQS
- SFY 2027 (begins 7.1.2026) model prepared with Calendar year 2025 data.
- Net revenue from the calendar year data dictates the amount of surcharge which can be generated: CY25 = $40.2 Million Net Revenue
- ICF/IIDs – 6% of Net Revenue
- The ICF surcharge is applied to all ICF/IIDs and is not impacted by beds

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

ANNUAL SFY27 ICF/IID HCQS MODEL

Per the SFY 2027 ICF/IID Model, the CY25 ICF/IIDs Net Revenue calculated to $40.2 Million, from the $40.2 million, $2,415,955.29 will be generated in surcharge revenue. Below is a breakout of how these funds will be used:

- There is no administrative allocation
- The entire $2,415,955.29 will become the state portion for payments to the ICF/IIDs
- Federal portion is $6,066,289.22 to total $8,482,244.52 for payments, less reimbursement Medicaid Share (pass through) of $2,394,396.90 = $6,087,847.62 remaining available for per diem rate increases.

Total payments to the providers is split between two buckets

- $2.3 million to reimburse providers for Medicaid days the surcharge is generated from
- $6.0 million for rate increases which equals $77.04 increase per ICF/IID Medicaid day

The $77.04 per diem increase represents the total increase since inception of the program. **Providers will see an increase of $1.95/day over their SFY 2026 rates**

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

ICF/IID REPORTING REQUIREMENT FOR SURCHARGE

- **Calculations:**
  - Providers are sent the HCQS Data Collection Form (DCF) two weeks before the quarters end.
    - A cover letter accompanies the excel tool which informs the ICF/IIDs of the timing for the submission, and the applicable surcharge rates for the program.
  - Upon the conclusion of the quarter each provider has **15 days to submit their data.**
  - Myers and Stauffer (M&S)reviews each submission to ensure the provider has supplied a signed certification and has reported demographic information consistent with the prior period.
  - Days and Revenue are compared between the current and prior submissions. Any variances 10% or greater are addressed with the provider.
  - Upon completion of all reviews two documents are completed.
    1. The Tax and Revenue excel sheet assessing the surcharge revenue to be gathered. This document is used by Tax and Revenue Division (TRD) to generate the tax returns each provider must file.
    2. ICF/IID Data Extractor file that was used to created the TRD file above
  - Providers are prompted to report known changes in ownership (CHOW).
  - Providers identify errors in prior periods and supply updated data which must be transmitted to TRD and reviewed for impact to current quarter payments.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

ANNUAL ICF/IID SUPPLEMENT

SPA 24-0009
CMS APPROVED SEPTEMBER 18, 2025; ANNUAL CMS APPROVAL IS NOT REQUIRED

14

STATE PLAN AMENDMENT: 24-0009

The Centers for Medicare & Medicaid Services (CMS) approved September 18, 2025:

Annually and no later than June 1, eligible ICF/IID facilities will receive a lump sum payment based on their available Upper Payment Limit (UPL) room. Payments will be made prior to the completion of the State Fiscal Year and included in the UPL demonstration submitted to CMS annually. The demonstration will utilize cost reports from the proceeding state fiscal year. The total amount of the payments will not exceed UPL room in total and will only be paid to classes of providers that do not exceed the UPL limits. If the UPL gap in the demonstration exceeds the available budget, all eligible providers will receive pro-rata portion of the available funds based on their demonstrated UPL.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

CALCULATION OF ICF/IID ANNUAL SUPPLEMENTAL PAYMENT

- Separate facilities into three ownership groups:
  - Privately Owned
  - Non-State Government Owned
  - State Owned
- Only ownership classes in the annual Upper Payment Limit demonstration that have Medicaid payments less than estimate Medicare payments are eligible for the payment
- Providers classed in ownership groups that meet criteria 2 above are eligible for the supplemental payments if the provider has Medicaid payments less than the estimated Medicare payments
- The provider payment calculation is completed as follows: AP = (F x (F / U)) x G
  - Where: AP = Annual Payment
  - F = Facility UPL
  - U = All eligible Facility UPLs in the ownership group
  - G = UPL for the ownership group

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

Q&A

17

18

UPDATES & REMINDERS

Program Requirements can be found in:

- New Mexico Administrative Code (NMAC)s Title 8 Social Services Title 8 – Social Services | New Mexico Administrative Code - State Records Center & Archives

  Many rules apply to ICF-IID not simply those titled ICF-IID

- Medical Assistance Division Supplements Supplements to MAD NMAC Program Rules - 2021 – New Mexico Health Care Authority
- Fee schedules- new federal requirement under the Ensuring Access to Medicaid (Access Rule) to post fee schedules starting July 1, 2026 Fee Schedules – New Mexico Health Care Authority

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

18

https://www.srca.nm.gov/nmac-home/nmac-titles/title-8-social-services/

MOST COMMON NMAC REFERENCES FOR ICF/IID

- Level of Care Abstract Submission: NMAC 8.350.3
- ICF/IID Services: NMAC 8.313.2
- ICF/IID Cost Related Reimbursement: NMAC 8.313.3
- Requirements for ICF/IIDs: NMAC 8.371.2
- Admission, Discharge and Transfers: NMAC 8.371.9

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

UPDATES & REMINDERS CONT'D

- Latest MAD Supplement on duplicate NPIs on claims Supplement-26-03-MAD-378-LTCAA.pdf
- DHI Pages - Health Facility Licensing and Certification – New Mexico Health Care Authority includes reporting guidelines
- New HCA website July 31 – more information coming soon
- DDSD Quarterly Newsletter – ICF IID Article and more
- Billing Inquiries- Long Term Care Span or Timely Filing https://www.hca.nm.gov/turquoise-claims/
- Eligibility Inquiries- Jessica can review ISD/Jiva accounts.
- ISD IC Waiver Provider email: hca-isd-ic_waiverproviders@hca.nm.gov

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

COMMUNICATING PROTECTED HEALTH INFORMATION (PHI) SECURELY TO DDSD

Information/Documents containing any Protected Health Information (PHI) sent via e-mail must be password protected or encrypted. Options include:

- Enable Encryption via Outlook
- Utilize Therap SComm
- Other secure messaging system (DDSD staff cannot access all systems.)
- Request a pre-encrypted blank email from DDSD and reply

ADMISSIONS, TRANSFERS, & DISCHARGES

Admission

- Yes-Match Letter
- Statewide ICF/IID coordinator follows referral process Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) – New Mexico Health Care Authority
- Financial and Medical Eligibility Criteria Met with Income Support Division
- Admission completed by ICF/IID and Individual

Transfers

- Same Criteria- Yes Match and Financial and Medical Eligibility
- Interdisciplinary Team recommendation
- Individual's choice of provider
- Transition meeting with current and incoming provider
- When returning to ICF IID after a temporary transfer to rehab or hospital, the ICF-IID readmission is not subject to pre-screening
- Level of Care Abstract is required for all transfers to be submitted to DDSD within 10 days of transfer or readmission to assure billing is allowable.

Discharges

- Individual or representatives may request or it may be clinically appropriate (no longer requiring active treatment)
- Written justification must be submitted to HCA/DDSD Statewide ICF/IID coordinator for approval with good cause justified prior to discharge
- Team recommendation(s) must include participation of the individual or their representative in the discharge planning
- ICF/IID Transition plan to discharge must account for at minimum current needs related to developmental, medical, behavioral and nutritional status. And plans for continuing care, and transfer of documentation when appropriate.
- Discharge planning must fall in accordance with 8.371.9 NMAC with plan due 30 working days prior
- Level of Care Abstract is required for discharge and submitted to DDSD within 10 days of discharge to end the long- term care span for the discharging facility.

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

UPCOMING PAYMENT ERROR RATE MEASUREMENT (PERM) REVIEW – KEY POINTS FOR PROVIDERS

- Payment Error Rate Measurement (PERM) is a federal review process conducted by the Centers for Medicare & Medicaid Services (CMS) to measure the accuracy of Medicaid payments and determine whether claims were paid correctly.
- Claims with dates of service from July 2026 through June 2027 will be included in the next PERM review.
- CMS contractors may contact providers directly to request documentation needed to support billed services and will outline required submission timelines.
- In the previous PERM cycle, CMS identified the following errors:
  - Failing to ensure that providers were properly enrolled
  - Using the facility National Provider Identifier (NPI) in both the billing and referring provider fields
- Submitting claims that do not meet state requirements may result in full recoupment if repeated.

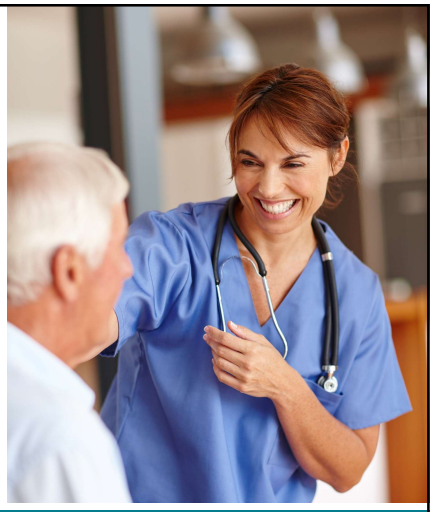
HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

DDSD LISTSERV & E-BLASTS

- Join DDSD-wide listserv by contacting Tammy Barth at tammy.barth@hca.nm.gov
- Eblasts sent on the 1st and 15th of the month related to entire system of services
- ICF/IID group list will continue- contact Jessica.Trujillo@hca.nm.gov with new agency contacts

HEALTH CARE
AUTHORITY



INVESTING FOR TOMORROW, DELIVERING TODAY.

25