
Will you confirm or clarify whether the Health Care Authority will or will not submit an application for a rate increase amendment to the Centers for Medicare and Medicaid Services (CMS) in time for the start of the fiscal year on July 1, 2025.

From Bruce Wetherbee <editor@thecandlepublishing.com>

Date Mon 4/28/2025 12:44 PM

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Good Morning Ms. Pina, Director Rodriguez, and Director Flannery,

This past March the Legislature approved approximately twenty-six million one hundred ninety-five thousand dollars (\$26,195,000) for the developmental disabilities support program of the health care authority to raise rates for developmental disability providers of services for the developmental disabilities support programs.

Will you confirm or clarify whether the Health Care Authority will or will not submit an application for a rate increase amendment to the Centers for Medicare and Medicaid Services (CMS) in time for the beginning of the fiscal year which commences on July 1, 2025, to implement rate increases for the Developmental Disabilities and Supports Division (DDSD) services as authorized by the Legislature for July 1, 2025?

Sources explain to us that the HCA has chosen to wait to request a rate increase until a new rate study is completed, despite the fact that the existing rate study completed in 2023, recommended inflation factor increase for fiscal years beginning on July 1, of each of the years 2024, 2025, 2026, and 2027).

Such a decision, if the information we have received is accurate, will be harmful to the clients of the various waiver programs administered by DDSD as it will compound the problems of recruitment and retention of direct service providers for an already understaffed workforce, which was a conclusion of the PCG Capacity study done the same year as the rate study.

We have also learned from a reliable source that the HCA does not even have a contract signed for such a new rate study, despite having issued a Request For Proposals for such a study on October 7, 2024.

The RFP was issued with the expectation that such a study would be completed no later than June 30, 2025. (As stated in RFP documents posted online which read, "The scope of this procurement is to

conduct a singular rate study which is expected to conclude by June 30, 2025.")

Last year, the HCA submitted amendments to the Centers for Medicare and Medicaid Services (CMS) to implement rate increases as recommended through the Developmental Disabilities and Supports Division (PCG) rate study completed in 2023.

The rate increases requested in those amendments were supported by the New Mexico Legislature via the General Appropriations Act of 2024 (covering FY 2025), and were subsequently approved by CMS sometime in December of 2024, allowing for the rate increases to be retroactively implemented as of July 1, 2024.

That same Developmental Disabilities and Supports Division (PCG) rate study completed in 2023, included the following recommendations relative to rate increases in the immediate subsequent fiscal years beginning July 1, of those years, including July 1, 2025 (see below, from the PCG 2023 Rate Study)

"Table 33 below shows how the 3.70 percent inflation factor could be applied annually. Notice that the 3.70 percent factor is applied to each preceding year. This effectively increases the percentage each year as the figure is continuously applied to a larger baseline. This means that each rate should be multiplied by the inflation factor based on the implementation year."

TABLE 33: INFLATION FACTORIZATION

Implementation Period	Inflation Factor
July 2023	100.00%
July 2024	103.70%
July 2025	107.39%
July 2026	111.09%
July 2027	114.79%

It is clear that the HCA has the back up support of the recent and existing PCG rate study to provide for the rate increases identified above, and further provided for by the legislature with the twenty-six million one hundred ninety-five thousand dollars (\$26,195,000) it appropriated for the developmental disabilities support program of the health care authority to raise rates for developmental disability providers of services for the support programs.

Please provide clarification as to whether or not the HCA has submitted, or plans on submitting, to CMS a rate increase before the current fiscal year ends on June 30, 2025?

Sincerely,

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