

August 17, 2012

Ms. Melanie Bella, Director
Medicare-Medicaid Coordination Office
Centers for Medicare & Medicaid Services
US Department of Health & Human Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Ms. Bella:

The purpose of this letter is to formally withdraw New Mexico's proposal seeking demonstration authority to participate in a capitated model to integrate care for Medicare-Medicaid enrollees.

The New Mexico Human Services Department, Medical Assistance Division (HSD/MAD) submitted New Mexico's demonstration proposal to your office on May 31, 2012. In it, the state proposed that dually-eligible individuals receiving services through the New Mexico Developmental Disabilities (DD) waiver would receive their regular medical benefits through the demonstration, but that their long-term care services would remain carved out of managed care and paid through the Medicaid fee-for-service program. In subsequent conversations with your office, we learned that CMS required that demonstration either fully include a particular population group's services in the proposed model or exclude this population and all of its services from the model, and that carve-outs would not be approved unless accompanied by a rigorous strategy for demonstrating financial accountability among participating providers to avoid cost-shifting and ensure seamlessness for beneficiaries.

We understand that we could keep the dually-eligible DD population out of the proposed demonstration model. New Mexico is currently engaged in a redesign of its existing Medicaid program, and intends to implement its new Centennial Care 1115 waiver on January 1, 2014. Simultaneously, our state is preparing to comply with the numerous Medicaid provisions contained in the Affordable Care Act that will go into effect on January 1, 2014, as well as preparing for integrating Medicaid with the new insurance exchanges. While we had hoped to include the capitated demonstration model for dual-eligibles as an integral component of these larger Medicaid transformations we do not believe that the timing is right to implement this demonstration given the additional complexity of managing a single population outside the demonstration.

I remain interested in developing and implementing innovative strategies for ensuring financial accountability and improved care and outcomes for our dual eligibles. I look forward to working with you and your staff on developing ways that New Mexico can achieve these goals within the Centennial Care program.

Finally, thank you very much for the time and assistance provided by you and your staff persons as New Mexico worked on the details of its demonstration proposal. You and your team were very helpful throughout the process. I hope we will be able to work together in the future

Sincerely,

A handwritten signature in blue ink, appearing to read 'Julie B. Weinberg', with a large, stylized initial 'J' and a long, sweeping flourish extending to the right.

Julie B. Weinberg
Director