
Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-00-87

Date: September 11, 2000

CHANGE REQUEST 1326

SUBJECT: 2001 Payment Limit for Ambulance Services

The purpose of this Program Memorandum (PM) is to furnish you with the 2001 payment limit for ambulance services required by §4531 of the Balanced Budget Act (BBA) of 1997.

Ambulance Services Update Factor - Reasonable Charges

The 2001 inflation indexed charge (IIC) update factor for ambulance services (also known as the ambulance inflation factor) paid under reasonable charges is **2.7 percent**. Therefore, calculate the 2001 IIC screen amount for ambulance services by using 2.7 percent. This is the result of §4531 of the BBA of 1997 which provides that the reasonable charge for ambulance services for calendar year 2001 may not exceed the reasonable charge for ambulance services for calendar year 2000 by more than the percentage increase in the consumer price index for all urban consumers (CPI-U) for the 12-month period ending on June 30, 2000, reduced by 1.0 percentage point. The CPI-U percentage increase is 3.7 percent; therefore, the reasonable charge update factor applicable to ambulance services is 2.7 percent ($3.7 - 1.0 = 2.7$).

Ambulance Services Update Factor - Reasonable Cost

The 2001 update factor for ambulance services paid under reasonable cost is **2.7 percent**. Therefore, limit the 2001 cost reimbursement per trip for ambulance services by using 2.7 percent. This is the result of §4531 of the BBA of 1997 which provides that the reasonable cost per trip for ambulance services for fiscal year 2001 may not exceed the reasonable cost per trip for ambulance services for fiscal year 2000 by more than the percentage increase in the CPI-U for the 12-month period ending on June 30, 2000, reduced by 1.0 percentage point. The CPI-U percentage increase is 3.7 percent; therefore, the reasonable cost per trip update factor applicable to ambulance services is 2.7 percent ($3.7 - 1.0 = 2.7$).

The effective date for intermediaries for this PM is 10/01/00.

The effective date for carriers for this PM is 01/01/01.

The implementation date for this PM is 01/01/01.

These instructions should be implemented within your current operating budget.

This PM may be discarded after 12/31/01.

If you have any questions, contact Glenn McGuirk at (410) 786-5723.