
CMS Manual System

Pub. 100-20 One-Time Notification

**Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)**

Transmittal 23

Date: NOVEMBER 21, 2003

CHANGE REQUEST 2700

I. SUMMARY OF CHANGES:

CLARIFICATION – EFFECTIVE/IMPLEMENTATION DATE: Not Applicable.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

***III. FUNDING:**

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification

***Medicare contractors only**

One-Time Notification

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SUBJECT: Payment for Ambulance Services Furnished by New Suppliers

I. GENERAL INFORMATION

A. Background:

Medicare-covered ambulance services are paid based on a fee schedule (FS) published in the February 27, 2002, issue of the **Federal Register** (Volume 67, Number 39) described originally in Program Memorandum (PM) AB-00-88 and further clarified in a series of subsequent PMs. This fee schedule is phased in over a transition period during which the Medicare payment allowance is based on a blend of the supplier's reasonable charge and the new fee schedule amount. This One-Time Notification addresses the amount to be used for a new supplier's reasonable charge for the period January 1, 2000, through March 31, 2002, and also for the reasonable charge portion of the blended rate applicable during the ambulance FS transition period.

For purposes of this One-Time Notification, a new supplier includes:

1. An entity that established itself as an ambulance supplier after it could no longer establish a customary charge because carriers no longer profile charges;
2. An established supplier that had never billed Medicare and began furnishing and billing for Medicare ambulance services for the first time after it could no longer establish a customary charge because carriers no longer profile charges;
3. An established supplier that begins furnishing services in another geographic area; or
4. An established supplier that begins furnishing a service that it did not previously provide. For example, an ambulance supplier that formerly furnished only BLS services begins furnishing ALS services as well.

B. Policy

For a new supplier, the reasonable charge to be used for ambulance services furnished on or after January 1, 2000, including the reasonable charge portion of the blended transitional rate; is the lower of the supplier's submitted charge, the 50th percentile prevailing charge, and the prevailing IIC (inflation indexed charge). The 50th percentile prevailing becomes a supplier's "default" customary charge for the purposes of calculating the supplier's reasonable charge. Carriers must use the 50th percentile as the default customary charge for new suppliers.

The 50th percentile amounts are subject to the IIC requirements applied to payment allowances for ambulance services. Per PM AB-00-88 (reissued as AB-01-185), carriers no longer construct customary and prevailing charge profiles from actual claims submitted to them. Instead, carriers apply the ambulance inflation update factor to the previous year's allowances to determine current reasonable charge amounts. Following established program claims data requirements, the new supplier's customary charge is updated on January 1 of the year following the calendar year in which the new supplier has established with the Medicare carrier charge experience dating back at least to the month of April. Because carriers no longer profile charges, the updated customary charge is set at the prevailing IIC as indexed by inflation. Therefore, if a supplier establishes charge experience with its Medicare carrier that dates back to April, that supplier's customary charge for that service(s) may be updated to the prevailing IIC effective for services furnished on or after the following January 1 (i.e., after approximately 9 months). If a supplier establishes charge experience with its Medicare carrier that dates back to May, that supplier's customary charge for that service(s) may be updated to the prevailing IIC effective for services furnished on or after January 1 of the year following the subsequent January 1 (i.e., after approximately 20 months).

C. Provider Education:

Advise suppliers of the information contained in this One-Time Notification through your routine methods of communication (e.g., Web site, through any listserv, regularly scheduled bulletin, etc.).

II. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Contractor Financial Reporting/Workload Impact:

The procedure described in this One-Time Special Notification applies only in those localities where the default 50th percentile customary charge used for new suppliers is less than the prevailing IIC. Also, this policy applies only to suppliers that identify themselves to their Medicare carrier as new suppliers, and who are then confirmed to be new suppliers by their Medicare carrier. Do not search for prior claims that have been submitted by suppliers that might have been new suppliers, if the supplier has not identified itself to you as a new supplier. Use your usual information retrieval capabilities to verify the allegations made to you by such suppliers. Each carrier determines its own procedure by which a new supplier is annotated for a future customary charge update.

III. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: N/A</p> <p>Implementation Date: N/A</p> <p>Pre-Implementation Contact(s): Anne Tayloe, (410) 786-4546</p> <p>Post-Implementation Contact(s): Anne Tayloe, (410) 786-4546</p>	<p>These instructions should be implemented within your current operating budget.</p>
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