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# Program Memorandum Intermediaries/Carriers

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

Transmittal AB-02-173

Date: NOVEMBER 29, 2002

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CHANGE REQUEST 2489

**SUBJECT: Ambulance Fee Schedule Updates for 2003**

## Scope

This Program Memorandum (PM) furnishes you with:

1. The 2003 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by §1834(l) of the Social Security Act (the Act);
2. The address of the ambulance fee schedule file for CY 2003; and
3. The blending percentages applicable to CY 2003 (as stated in PM AB-02-117).

## Background

Section 1834(l)(3)(A) of the Act provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2003 that is equal to the percentage increase in the consumer price index for all urban consumers (CPI-U), for the 12-month period ending with June of the previous year. The resulting percentage is referred to as the AIF.

During the transition period, the AIF is applied to both the fee schedule portion of the blended payment amount (incorporated in the ambulance fee schedule file) and to the reasonable charge/cost portion of the blended payment amount separately for each ambulance provider/supplier. Then, these two amounts are added together to determine the total payment amount for each provider/supplier. The blending percentages used to combine these two components of the payment amounts for ambulance services for CY 2003 are 60 percent of the reasonable charge/cost and 40 percent of the ambulance fee schedule (as stated in PM AB-02-117).

## Policy

The AIF for calendar year 2003 is **1.1 percent**. The blending percentages used to combine the two components of the payment amounts for ambulance services for CY 2003 are **60 percent** of the reasonable charge/cost and **40 percent** of the ambulance fee schedule. Part B coinsurance and deductible requirements apply. The 2003 ambulance fee schedule and zip code files may be retrieved at any time and will reside indefinitely for your access. They will be updated with each quarterly CWF update. The address for the files is as follows:

Zip Code File – [MU00.AAA2390.ZIP.LOCALITY](mailto:MU00.AAA2390.ZIP.LOCALITY)

Fee Schedule File – [MU00.AAA2390.AMBFS.FINAL.V20](mailto:MU00.AAA2390.AMBFS.FINAL.V20)

**Implementation**

Apply the 2003 AIF of 1.1 percent to the reasonable charge/cost payment limits that were in effect during calendar year 2002 in order to determine the payment limits applicable for the period January 1, 2003, through December 31, 2003. Download and use (in accordance with previous instructions) the updated files shown above to determine the payment allowances for ambulance services furnished in 2003 by combining 60 percent of the updated reasonable charge/cost amount and 40 percent of the updated fee schedule amount as provided in the 2003 fee schedule file.

**Provider Education**

You must advise providers of the 2003 ambulance fee schedule updates and the methodology by which they are applied through a posting on your Web site within 2 weeks. You must also publish this information in your next regularly scheduled bulletin.

**The *effective date* for this Program Memorandum (PM) is January 1, 2003.**

**The *implementation date* for this PM is January 1, 2003.**

**These instructions should be implemented within your current operating budget.**

**This PM may be discarded after January 1, 2004.**

**If you have any questions, contact Glenn McGuirk at (410) 786-5723, or [gmcguirk@cms.hhs.gov](mailto:gmcguirk@cms.hhs.gov).**