
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 320

Date: OCTOBER 22, 2004

CHANGE REQUEST 3473

SUBJECT: Reminder Notice of the Implementation of the Ambulance Transition Schedule

I. SUMMARY OF CHANGES: This change request reminds intermediaries and carriers to update the blended rates for the ambulance fee schedule during the transition period.

NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005

***IMPLEMENTATION DATE: January 3, 2005**

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)

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

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment – One-Time Notification

Pub. 100-04	Transmittal: 320	Date: October 22, 2004	Change Request 3473
-------------	------------------	------------------------	---------------------

SUBJECT: Reminder Notice of the Implementation of the Ambulance Transition Schedule

I. GENERAL INFORMATION

This change request (CR) reminds intermediaries and carriers to update the blended rates for the ambulance fee schedule during the transition period.

A. Background: On April 1, 2002, CMS implemented a new fee schedule that applies to all ambulance services, including volunteer, municipal, private, independent, and institutional providers, i.e., hospitals, critical access hospitals, and skilled nursing facilities. The fee schedule was effective for claims with dates of services on or after April 1, 2002. Under the fee schedule, ambulance services covered under Medicare will be paid based on the lower of the actual billed amount or the ambulance fee schedule amount.

As discussed in previously issued instructions, the fee schedule will be phased in over a 5-year period. When fully implemented, the fee schedule will replace the current retrospective reasonable cost reimbursement system for providers and the reasonable charge system for ambulance suppliers.

New payment increases for ground ambulance transports available under section 414 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) became effective on July 1, 2004, with the implementation of Transmittals 88 and 220 (CR 3099). No additional changes are required to implement this MMA provision.

This instruction reminds intermediaries and carriers of the transition schedule and of the necessity to update the transition percentages effective January 1, 2005.

B. Policy: The ambulance fee schedule is subject to a 5-year transition period as follows:

<u>Year</u>	<u>Fee Schedule Percentage</u>	<u>Cost/Charge Percentage</u>
Year 1 (4/1/02 – 12/31/02)*	20%	80%
Year 2 (CY 2003)*	40%	60%
Year 3 (CY 2004)*	60%	40%
Year 4 (CY 2005)	80%	20%
Year 5 (CY 2006 and thereafter)	100%	0%

*Previous and current year percentages

The foregoing schedule signifies that, during the transition period, the Medicare allowed amount for ambulance services, mileage, and separately billable supplies will comprise a blended rate. The blended rate will include a portion of the fee schedule, and a portion of the provider’s reasonable cost or the

supplier's reasonable charge. (For providers billing ambulance services to intermediaries, all supplies and services rendered are considered part of the base rate and are not separately billable under the ambulance fee schedule. For Part B suppliers billing ambulance services, separately billable supplies may be billed, depending on the supplier's billing method.)

During year 1, the fee schedule amount was comprised of only 20 percent of the blended amount and the remaining 80 percent of the blended amount was based on the provider's reasonable cost or the supplier's reasonable charge. During year 2, the fee schedule amount was comprised of 40 percent of the blended amount and provider's reasonable cost or the supplier's reasonable charge was comprised of the remaining 60 percent. During year 3, the fee schedule amount comprises 60 percent of the blended amount and the provider's reasonable cost or the supplier's reasonable charge comprises the remaining 40 percent. During year 4, the fee schedule amount will comprise 80 percent of the blended amount and provider's reasonable cost or the supplier's reasonable charge will comprise of the remaining 20 percent. Beginning with year 5, i.e., for services and supplies furnished, and mileage incurred, beginning January 1, 2006, and each year thereafter, the full fee schedule comprises the entire Medicare allowed amount and no portion of the provider's reasonable cost or the supplier's reasonable charge shall be considered.

C. Provider Education: A Medlearn Matters provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3473.1	Intermediaries and carriers shall update the blended rates for the ambulance fee schedule to indicate the following transition percentages for CY 2005: fee schedule percentage--80% and reasonable cost/reasonable charge percentage--20%.	X		X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3473.2	For ambulance services furnished, and mileage incurred on or after January 1, 2005 through December 31, 2005, intermediaries shall determine the Medicare allowed amount on the basis of 80 percent of the fee schedule amount, and 20 percent of the provider’s reasonable cost. (Note: For providers billing ambulance services to intermediaries, all supplies and services rendered are considered part of the base rate and are not separately billable under the ambulance fee schedule.)	X								
3473.3	For ambulance services and supplies furnished, and mileage incurred on or after January 1, 2005 through December 31, 2005, carriers shall determine the Medicare allowed amount on the basis of 80 percent of the fee schedule amount, and 20 percent of the supplier’s reasonable charge. (Note: Carriers use the supplier’s billing method to determine allowable charges for separately billed supplies and ancillary services.)			X						
3473.4	For ambulance services furnished, and mileage incurred on or after January 1, 2006, and thereafter, carriers and intermediaries shall determine the Medicare allowed amount solely on the basis of the fee schedule amount.	X		X						
3473.5	Carriers and intermediaries shall deny claims for separately billed supplies and ancillary services furnished during an ambulance transport on or after January 1, 2006. (Note: Supplies and ancillary services are considered part of the fee schedule base rate, and are not separately billable after December 31, 2005.)	X		X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CBF	
3473.6	Carriers and intermediaries shall download from the CMS mainframe via CONNECT: Direct and install, as appropriate, the ambulance fee schedules for 2005 and 2006, respectively, as such files become available.	X		X						

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2005</p> <p>Implementation Date: January 3, 2005</p> <p>Pre-Implementation Contact(s): Tracey Hemphill, (410) 786-7169</p> <p>Post-Implementation Contact(s): Contact the appropriate regional office.</p>	<p>Medicare contractors shall implement these instructions within their current operating budgets.</p>
---	---

*Unless otherwise specified, the effective date is the date of service.