

# Program Memorandum Intermediaries/Carriers

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

Transmittal AB-02-148

Date: OCTOBER 25, 2002

## CHANGE REQUEST 2262

**SUBJECT: Remittance Advice Message for Ambulance Services**

### General Information

This Program Memorandum (PM) implements a new remittance advice message to explain the reimbursement for ambulance services during the transition to the fee schedule.

### A. Background

The ambulance fee schedule is effective for claims with dates of service on or after April 1, 2002. The reimbursement for ambulance services during the next 4 years will be a blended payment amount, part ambulance fee schedule, and part reasonable charge/cost. The percentages for the blended rate during the transition period are as follows:

| Transition Year                | Reasonable Charge/Cost<br>Percent | Fee Schedule Percent |
|--------------------------------|-----------------------------------|----------------------|
| Year One (4/1/2002-12/31/2002) | 80                                | 20                   |
| Year Two (CY 2003)             | 60                                | 40                   |
| Year Three (CY 2004)           | 40                                | 60                   |
| Year Four (CY 2005)            | 20                                | 80                   |
| Year Five (CY 2006)            | 0                                 | 100                  |

CMS is implementing a new remittance advice message for ambulance services to explain the blended payment amount during the transition period.

### B. Policy

From April 1, 2003, through December 31, 2005, use remittance advice message N114 to explain the reimbursement for ambulance services. Note that the new remittance advice message should be used for all claims with a date of service on or after the implementation date for the ambulance fee schedule, April 1, 2002.

### C. Business Requirements

Use the following remittance advice code and message to explain the reimbursement for ambulance services during the transition to the fee schedule:

**CMS-Pub. 60AB**

N114 - During the transition to the ambulance fee schedule, payment is based on the lesser of a blended amount calculated using a percentage of the reasonable charge/cost and fee schedule amounts, or the submitted charge for the service. You will be notified yearly what the percentages for the blended payment calculation will be.

#### **D. Provider Education**

Inform providers and suppliers of the new remittance advice message for ambulance services in the next scheduled newsletter, and update your Web site with this information.

**The *effective date* for this PM is April 1, 2002.**

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

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

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

**For intermediary questions, contact Nicole Atkins at [natkins@cms.hhs.gov](mailto:natkins@cms.hhs.gov) or call (410) 786-8278.**

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