

Program Memorandum Carriers

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

Transmittal B-02-048

Date: JULY 24, 2002

CHANGE REQUEST 2212

SUBJECT: Reasonable Charge Data Disclosure Requirements for Ambulance Services

General Information

This Program Memorandum (PM) institutes a requirement to disclose the reasonable charge amount for ambulance services to ambulance suppliers.

A. Background

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

Transition Year	Reasonable Charge/Cost Percent	Fee Schedule Percent
Year One (4/1/2002-12/2002)	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

In order to ensure that suppliers receive the amounts reimbursable under each of these payment methods, CMS will issue a yearly fee schedule and post it on a Web site. In addition, carriers will supply the reasonable charge amounts through the disclosure process.

B. Policy

Beginning February 28, 2003, and continuing through 2005 you must disclose to each ambulance supplier the supplier's reasonable charge allowance for the forthcoming year (i.e., the full amount that would have been payable under reasonable charge for all ambulance services).

C. Business Requirements

1. For each supplier, prepare a reasonable charge disclosure package that includes, at a minimum, the reasonable charge amounts for each procedure code that the supplier is eligible to bill. You do not need to disclose the reasonable charge amount for procedure codes that the supplier does not routinely bill. The disclosure package may include other reasonable charge amounts (e.g., prevailing rate, prevailing inflation index charge [IIC], customary charge, customary IIC). However, you must indicate the reasonable charge allowed amount, i.e., the principle payment amount of the prevailing, prevailing IIC, customary, or customary IIC, and the corresponding HCPCS code.

- Provide the data for only those procedure codes that apply to each supplier's particular billing method. For Method 2 and Method 3 ambulance suppliers, provide the reasonable charge amounts for codes A0425 through A0436. If providing the reasonable charge amounts for the old HCPCS codes, use A0300 through A0370 and provide a crosswalk to the new codes, as described in requirement 1c below. For Method 3 and 4 suppliers, also include the applicable item/supply codes (e.g., the reasonable charge amounts for A0384, A0392, A0394, A0396 and A0398).
- a. Wherever possible, use the new HCPCS codes. Clearly indicate that the corresponding amounts are the full reasonable charge amounts, i.e., the 100% reasonable charge amounts, and specify what portion of the charge is reimbursable within the current transition year. (For 2002, 80 percent of the total reasonable charge amount is reimbursable.)
 - b. If old or deleted HCPCS are used, you must include a crosswalk in the disclosure package that maps each HCPCS code to the new replacement procedure code. The crosswalk may be provided as part of the disclosure statement, or as a separate insert included as an enclosure with the disclosure.
 - c. Send each supplier its disclosure package in accordance with the timetable specified in requirement 3 below. Publication of the reasonable charge disclosure is contingent upon the release of the ambulance inflation factor (AIF). If multiple AIFs are issued in the same calendar year, you must prepare a separate disclosure package to notify suppliers of the appropriate amounts and dates of service for each AIF.
2. Publish the ambulance fee schedule yearly payment blend percentages and the location of the ambulance fee schedule on the CMS Web site (www.cms.hhs.gov/medlearn) in next supplier bulletin.
 3. Adhere to the following schedule of disclosure activities:
 - a. For CY 2003, on or before February 28, 2003: Mail to each ambulance supplier, the supplier's 2002 reasonable charge allowance, updated by the 2003 AIF. If applicable, include a crosswalk that maps each HCPCS code to the new replacement procedure code. (Note: Publication of the reasonable charge disclosure is contingent upon the release of the AIF.)
 - b. For CY 2004, on or before December 31, 2003: Mail to each ambulance supplier, the supplier's reasonable charge allowance for 2003, updated by the 2004 AIF. If applicable, include a crosswalk that maps each HCPCS code to the new replacement procedure code. (Note: Publication of the reasonable charge disclosure is contingent upon the release of the AIF.)
 - c. For CY 2005, on or before December 31, 2004: Mail to each ambulance supplier, the supplier's reasonable charge allowance for 2004, updated by the 2005 AIF. If applicable, include a crosswalk that maps each HCPCS code to the new replacement procedure code. (Note: Publication of the reasonable charge disclosure is contingent upon the release of the AIF.)

D. Provider Education

Inform providers of this policy in the next scheduled newsletter and update your Web site with the location of the ambulance fee schedule on the CMS Web site (www.cms.hhs.gov/medlearn).

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, 2006.

If you have any questions, contact Susan Webster at swebster@cms.hhs.gov or call (410) 786-3384.