

Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-00-118

Date: NOVEMBER 30, 2000

CHANGE REQUEST 1461

SUBJECT: Delay Implementation of the Ambulance Fee Schedule

The purpose of this Program Memorandum (PM) is to announce a delay in the implementation of the ambulance fee schedule, which was required by §4531 of the Balanced Budget Act (BBA) of 1997 and published in a proposed rule on September 12, 2000, in the *Federal Register* (65 FR 55078). This means that payment for ambulance services will be made based on 100 percent of the allowance under the current payment rules (updated for inflation as described in PM AB-00-88) and **not** on the basis of the “80 percent current/20 percent fee schedule” blend methodology.

Although the proposed rule was largely based on an agreement reached as part of a formal, negotiated rulemaking process with representatives of the ambulance industry and other interested parties, we received a large volume of comments. Under the rulemaking process, we are required to publish the ambulance fee schedule final rule at least 30 days in advance of its effective date. Thus, we would not have had sufficient time to carefully consider all comments and publish a final rule in time to implement the fee schedule by January 1, 2001. Implementation of the ambulance fee schedule will occur in a future systems release as announced in a future PM.

Although implementation of the fee schedule is delayed, implementation of the new HCPCS codes for ambulance services and requirement to report the zip code of the point of pickup on the claim is not delayed. Therefore, the new HCPCS codes and reporting the zip code of the point of pickup are effective with services furnished on or after January 1, 2001.

Additional Requirements in PM AB-00-88 that are Delayed

As stated in a joint letter from Marjorie Kanof, Parashar Patel and Jared Adair, sent October 6, 2000, the following requirements are delayed until further notice.

1. Delay Mandatory Assignment for Ambulance Services

Based on PM AB-00-88, “Implementation of the Ambulance Fee Schedule” (CR1281), released September 18, 2000, carriers were proceeding to make systems changes to assure that claims for ambulance services follow mandatory assignment rules. Do **not** revise those systems with regard to mandatory assignment until further notice. Until such time as the systems changes are in place, when mandatory assignment becomes effective, it may be necessary for carriers to enforce mandatory assignment for ambulance services through administrative actions.

2. ALS Vehicle Used, But No ALS Service Furnished

Based on PM AB-00-88, suppliers and providers using an ALS vehicle to furnish a BLS level of service are instructed to report on the claim HCPCS A0428 or A0429, the new HCPCS code for BLS and BLS emergency, respectively. Do **not** implement this policy at this time. Until further notice, these claims must be submitted with the new HCPCS code, A0426 (ALS1) or A0427 (ALS1 emergency) and paid accordingly.

3. Payment for Mileage

Based on PM AB-00-88, effective with services furnished on or after January 1, 2001, a new HCPCS code, A0425, will be established for ambulance mileage and the two current codes, A0380 and A0390, will no longer be accepted. Do not revise those systems that make this change at this time. Until further notice, require claims to be submitted with the appropriate current code, A0380 for BLS mileage and A0390 for ALS mileage. Do not accept for processing any claim with the new code, A0425, until further notice. At the same time, calculate the reasonable charge for services furnished in calendar year 2001 for A0380 and A0390 on a supplier specific basis by multiplying each supplier's reasonable charge for 2000 by the ambulance inflation factor.

4. Payment Based upon the Condition of the Beneficiary

The regulation for ambulance fee schedule also includes a clarification of the policy for payment. Payment will be based on the condition of the beneficiary and the services rendered by the crew. The vehicle dispatched does not determine payment. This policy will also be delayed until a final regulation implementing the fee schedule becomes effective.

Changes Effective 01/01/01 -- Independent of the Delay in Implementation of the Ambulance Fee Schedule

Even though there is a delay in the implementation date of the fee schedule, most requirements from PM-00-88 remain effective for 01/01/01 except payment using the fee schedule, ALS vehicle used but no ALS service rendered, mandatory assignment for carriers, and payments based on the condition of the beneficiary. These items are explained above.

The PM requirements that remain effective 01/01/01 include:

- New HCPCS,
- No grace period for old ambulance codes except A0380 and A0390,
- Zip code on the claim/bill,
- ALS transportation but no ALS service allowed at ALS1, and
- Methods 1, 2, 3, or 4 for suppliers, while providers continue to use Method 2.

Carriers should convert all suppliers to one billing method beginning with the implementation of the fee schedule if it is practical. This can be done immediately if the suppliers agree to switch to one method. All suppliers should be notified that they should choose one billing method between now and when the fee schedule is implemented. Until the fee schedule is implemented, suppliers can continue as they bill now.

Contractors should inform their providers and suppliers that the new HCPCS codes and the new descriptions of categories of ambulance services are effective for services rendered beginning 01/01/01 even though the pricing method has not changed.

There will be no grace period for most ambulance codes. The only codes with a grace period are the mileage codes A0380 and A0390, which will be used until the fee schedule is implemented. Codes for items and services that Methods 3 and 4 billers currently use will remain effective through the fee schedule transition.

Carriers will continue to pay ambulance claims on a reasonable charge basis and intermediaries will continue to pay ambulance bills on a reasonable cost basis until the fee schedule is implemented by a final rule. Although payment amount is not based on the zip code (since this is a facet of fee schedule), the zip code is required as part of the claim information. HCFA will supply contractors with an updated Zip Code File in the next system release.

The Zip Code File should be used to verify the validity of zip code in accordance with the USPS codes. Submitted zip codes that are invalid should result in the claim being returned as unprocessable. If a zip code is valid but outside of the carrier's geographic jurisdiction, continue to process claims according to the jurisdiction rules you are currently using for ambulance claims. Handle foreign claims as you do now. Advise your providers and suppliers to use "00000" as the zip code for foreign claims.

Until the fee schedule is implemented, there is a coding exception for ALS transport provided but no ALS service rendered i.e., codes A0324, A0328, A0344 and A0348. When this occurs, the provider or supplier should code ALS1 or ALS1 emergency. Once the fee schedule is implemented, ambulance services must reflect the service provided based on the condition of the beneficiary.

A supplier must select and bill only one method in a carrier's jurisdiction. This means that any supplier who is using more than one method to bill a carrier must select one method used within the carrier's jurisdiction and use only that one method to bill all ambulance claims. During the implementation of the fee schedule transition period, the carrier will use the reasonable charge from the method selected for payment beginning 01/01/01. Providers billing intermediaries use only Method 2.

Contractors should not use the Fee Schedule File until HCFA issues a PM to announce the new implementation date. Prior to the implementation date, HCFA will supply the contractors with updated files for testing and files for processing.

Amend your provider education materials to reflect these changes.

The *effective date* for this PM is November 28, 2000.

The *implementation date* for this PM is January 1, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after December 31, 2001.

If you have any questions, contact Glenn McGuirk at (410) 786-5723 for payment issue; for claims processing questions, contact Vicki Pokorny at (410) 786-8787 for intermediary questions or Dolores Crujeiras at (410) 786-7169 for carrier questions.