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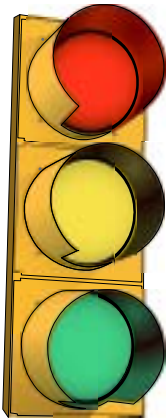
MMA-Implementation of Section 414 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003

Note: This is a re-release of this article to reflect the changes made in the re-release of the CR3099. The changes are shown in this article as red print and are italicized.

Providers Affected

All Ambulance services including volunteer, municipal, private, independent, and institutional providers such as hospitals, critical access hospitals and skilled nursing facilities.

Provider Action Needed



STOP – Impact to You

The new Medicare Prescription Drug, Improvements, and Modernization Act of 2003 (MMA) makes a number of important changes to Medicare payment for ambulance services rendered on or after July 1, 2004.

CAUTION – What You Need to Know

During the five – year period, July 1, 2004 – December 31, 2009 Fee Schedule will include certain temporary increases in payment.

GO – What You Need to Do

Make sure your billing staff understands the new changes and bill according to those changes to assure receipt of accurate payment.

Background

The MMA provides several changes to the payment for ground ambulance services under Section 414 of the Act. Specifically, this section establishes a floor amount for the fee schedule portion of the payment, provides increased payments for urban and rural services, adds an increased payment for ambulance transports originating in certain low density population areas, and provides

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a 25 percent bonus on the mileage rate for ground transports of 51 miles or greater. These payment changes apply to ground transports only and the air ambulance base and mileage rates remain unchanged. *All increases are percentage increases and are cumulative.*

More details on these changes are as follows:

Regional Ambulance FS Payment Rate Floor for Ground Ambulance Transports

To discuss these changes further, we begin with the provision regarding the regional ambulance fee Schedule (FS) payment rate floor for ground transport services. For services furnished during the period of July 1, 2004, through December 31, 2009, the base rate portion of the payment under the ambulance FS for ground transports is subject to a minimum amount. This minimum depends upon the area of the country in which the service is furnished.

Basically, the country is divided into 9 census divisions and each of those divisions has a regional FS that is constructed using the same methodology as the national FS. Where the regional FS is greater than the national FS, the base rates for ground ambulance transports are determined by a blend of the national FS rate and the regional rate in accordance with the following schedule:

Year	National FS Percentage	Regional FS Percentage
7/1/04 - 12/31/04	20%	80%
CY 2005	40%	60%
CY 2006	60%	40%
CY 2007 – CY 2009	80%	20%
CY 2010 and thereafter	100%	0%

Where the regional rate is not greater than the national rate, there is no blending and only the national FS amount applies.

Adjustment to the Ground Mileage Payment Amount for Miles Greater than 50

For services furnished during the period July 1, 2004 through December 31, 2008, a 25 percent increase is applied to the appropriate ambulance FS mileage rate for each mile of a transport (both urban and rural points of pickup (POP) that exceeds 50 miles (i.e., 51 miles or greater) when the beneficiary is onboard the ambulance.

The 50 percent increase applied to the rural ambulance FS mileage rate for the first 17 miles of a rural Point of Pickup (POP) continues to apply as it always has under the FS.

For services furnished during the period January 1, 2004 through June 30, 2004, for all ground miles greater than 17 miles, the FS rate equals the urban mileage rate per mile.

Adjustments for FS Payment Rate for Certain Rural Ground Ambulance Transports

For services furnished during the period July 1, 2004 through December 31, 2009, *there is a 22.6 percent increase in the FS portion of the base payment for ground ambulance services in low population density rural areas. This increase applies where the POP is in a rural county (or Goldsmith Area) that is comprised by the lowest quartile by population of all such rural areas*

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arrayed by population density. These rural areas are identified by a zip code with a "B" indicator on the national zip code file.

Adjustments for FS Payment Rates for Ground Ambulance Transports

The payment rates under the FS for ground ambulance transports (both the FS base rates and the mileage amounts) are increased for services furnished during the period of July 1, 2004, through December 31, 2006. For services furnished where the POP is urban, the rates are increased by 1 percent and for services furnished where the POP is rural, the rates are increased by 2 percent.

The following chart summarizes the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 payment changes for ground ambulance services that becomes effective on July 1, 2004:

This chart will give you the increase percentage on miles, along with the effective dates of Service	Effective Dates	Payment Increase*
All rural miles	7/1/04 - 12/31/06	2%
Rural miles 51+	7/1/04 - 12/31/08	25% **
All urban miles	7/1/04 - 12/31/06	1%
Urban miles 51+	7/1/04 - 12/31/08	25% **
All rural base rates	7/1/04 - 12/31/06	2%
Rural base rates (lowest quartile)	7/1/04 - 12/31/09	22.6%**
All urban base rates	7/1/04 - 12/31/06	1%
All base rates (regional fee schedule blend)	7/1/04 - 12/31/09	Floor

Note: * All payments are percentage increases and all are cumulative.

***Carrier/intermediary systems perform this calculation. All other increases are incorporated into the Medicare Ambulance FS file. However, carriers and intermediaries will continue to apply the applicable FS and reasonable charge/cost blended percentages to determine the payment rates through December 31, 2005, in accordance with the rules of the transition period.*

Additional Information

Reimbursement for ambulance services will be based on *two blended amounts. First, the FS portion of the payment is based on a blend of the national and regional FS amounts. Second, the FS portion is then blended with the reasonable charge/reasonable cost portion during the transition period.*

For further information, you may wish to view the actual re-released instruction issued to your Medicare contractor. That instruction can be seen at:

http://www.cms.hhs.gov/manuals/pm_trans/R220CP.pdf

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Important Dates

These changes will sunset on different dates but all apply beginning with services furnished on July 1, 2004.

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