



Provider Inquiry Assistance

Medicare Payment for Air Ambulance Services Under Section 146(b)(1) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) – JA6214

Note: JA6214 was revised to add a reference to SE1033 at <http://www.cms.gov/MLN MattersArticles/downloads/SE1033.pdf>, for information on updates to International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM) and ICD-10 in the period leading up to ICD-10 implementation.

Related CR Release Date: October 17, 2008 **Revised**

Date Job Aid Revised: December 14, 2010

Effective Date: July 1, 2008

Implementation Date: January 5, 2009

Key Words	MM6214, CR6214, R387OTN, Air, Ambulance, Rural
Contractors Affected	<ul style="list-style-type: none"> • Medicare Carriers • Part A/B Medicare Administrative Contractors (A/B MACs) • Fiscal Intermediaries (FIs)
Provider Types Affected	Ambulance providers and suppliers submitting claims to Medicare Carriers, FIs, and/or A/B MACs for air ambulance services provided to Medicare beneficiaries



Change Request (CR) 6214 alerts providers that any area that was designated as a rural area as of December 31, 2006, for purposes of making payments under the ambulance fee schedule for air ambulance services, will be treated as a rural area for purposes of making payments under the ambulance fee schedule for air ambulance services furnished during the period July 1, 2008, through December 31, 2009.

Provider Needs to Know...	<ul style="list-style-type: none"> • Section 146(b)(1) of the MIPPA specifies that any area that was designated as a rural area, as of December 31, 2006, for purposes of making payments under the ambulance fee schedule for air ambulance services, will be treated as a rural area for purposes of making payments under the ambulance fee schedule for air ambulance services furnished during the period July 1, 2008, through December 31, 2009. • For areas that were designated rural on December 31, 2006, and were subsequently re-designated as urban, CMS has re-established the "rural" indicator on the ZIP code file for air ambulance services, effective July 1, 2008.
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- Medicare contractors will process air ambulance transport and mileage claims (i.e., A0430, A0431, A0435, A0436) in accordance with these revised designations.
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Background

- The ambulance fee schedule was implemented in April 2002 based on a final rule published in the Federal Register (67 Fed. Reg. 9100 (February 27, 2002)). This final rule:
 - Allowed for payment for various ground ambulance services and rotary and fixed wing air ambulance services under a fee schedule. The payment for these services is based on the type of service provided and on the geographical points of pick up.
 - Established increased payment for services furnished in rural areas based on the location of the beneficiary at the time the beneficiary is placed on board the ambulance.
 - When the fee schedule was implemented, a rural area was defined as one that was outside any area defined by the Office of Management and Budget (OMB) as a Metropolitan Statistical Area (MSA) or a New England County Metropolitan Area
 - The definition of "rural" also included the Goldsmith Modification. The Goldsmith Modification was developed because of the need to identify small towns and rural areas within large metropolitan counties.
 - The urban and rural areas were identified for payment purposes by a nexus of the ZIP code file and the ambulance fee schedule. The ZIP code file is updated quarterly.
 - Another final rule published in 71 Fed. Reg. 69713 (December 1, 2006), revised the geographic designations for urban and rural areas as set forth in the Executive OMB Core-Based Statistical Areas (CBSAs) standard. This rule:
 - Added the definition of "urban area" as defined by OMB;
 - Removed the definition of "Goldsmith Modification"; and
 - Amended the definition of "rural area" to include areas determined to be rural under the most recent version of the Goldsmith Modification.
 - Updating the MSA definition to conform with OMB's CBSA-based geographic area designations, coupled with updating the Goldsmith Modification (that is, using the current Rural Urban Commuting Areas version, as discussed in Section III.B.1.b of the final rule), more accurately reflected the contemporary urban and rural nature of areas across the country for ambulance payment purposes and made ambulance fee schedule payments more accurate.
 - These changes became effective January 1, 2007.
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**Operational
Impact**

- Medicare contractors will mass-adjust all air ambulance claims with dates of service on or after July 1, 2008, through December 31, 2008, which were previously paid under an urban ZIP code that was considered rural on December 31, 2006.
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- In addition, the revised ZIP code file will be used to process such claims that were not already processed.
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**Reference
Materials**

Providers may view the related article at <http://www.cms.gov/MLN MattersArticles/downloads/mm6214.pdf> on the CMS website.

The official instruction (CR6214) issued regarding this change may be found at <http://www.cms.gov/Transmittals/downloads/R387OTN.pdf> on the CMS website.
