



Related MLN Matters Article #: MM5358

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### *Ambulance Inflation Factor for CY 2007*

#### Key Words

MM5358, CR5358, R1102CP, AIF, Ambulance, Inflation, Factor, CY 2007

#### Provider Types Affected

Providers and suppliers of ambulance services billing Medicare carriers, fiscal intermediaries (FIs), or Part A/B Medicare Administrative Contractors (A/B MACs) for those services

#### Key Points

- The effective date of instruction is January 1, 2007.
- The implementation date is January 2, 2007.
- MLN Matters article, MM5358, provides the Ambulance Inflation Factor (AIF) for Calendar Year (CY) 2007.
- The AIF for CY 2007 is 4.3%.
- Section 1834(l)(3)(B) of the Social Security Act (SSA) provides the basis for updating the payment limits that carriers, FIs, and A/B MACs use to determine how much to pay providers/suppliers for the claims that they submit for ambulance services.
- The national fee schedule for ambulance services has been phased in over a five-year transition period beginning April 1, 2002.
- The AIF updates payments annually and is equal to the percentage increase in the consumer price index for all urban consumers (CPI-U) for the 12-month period ending with June of the previous year.
- The table on page 2 of MLN Matters article MM5358 displays the AIF for CY2007 and for the previous years (2003-2006).
- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established that the ground ambulance base rate (for services furnished during the period July 1, 2004 through December 31, 2009) will have a baseline "floor" amount.

- Payment will not be less than this “floor,” which is determined by establishing nine fee schedules (one for each of the nine census divisions) and then using the same methodology that was used to establish the national fee schedule to calculate a regional conversion factor and a regional mileage payment.

#### **National or Regional Fee Schedules**

- Either the national fee schedule or regional fee schedule applies for all providers and suppliers in the census division, depending on the payment amount that the regional methodology yields.
- The national fee schedule amount applies when the regional fee schedule methodology results in an amount (for a given census division) that is lower than the national ground base rate.
- Conversely, the regional fee schedule applies when its methodology results in an amount (for the census division) that is greater than the national ground base rate.
- When the regional fee schedule is used, that census division’s fee schedule portion of the base rate is equal to a blend of the national rate and the regional rate.

#### **Payments Based on Blended Methodology**

- During the five-year transition period, payments are based on a blended methodology. For CY 2007, this blend will be 20% regional ground base rate and 80% national ground base rate.
- Before January 1, 2007, for each ambulance provider or supplier, the AIF was applied to both the fee schedule portion of the blended payment amount (both national and regional) and to the reasonable cost/charge portion.
- These two amounts were added together to determine each provider or supplier’s total payment amount.
- As of January 1, 2007, the total payment amount for air ambulance providers and suppliers continues to be based on 100% of the national ambulance fee schedule, while the total payment amount for ground ambulance providers and suppliers will be based on either 100% of the national ambulance fee schedule or 80% of the national ambulance fee schedule and 20% of the regional ambulance fee schedule.

#### **Part B Coinsurance and Deductible Requirements**

- Part B coinsurance and deductible requirements apply.

### **Important Links**

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5358.pdf> on the CMS web site.

Providers can find more information about the ambulance inflation factor by going to Change Request (CR) 5358, located at <http://www.cms.hhs.gov/Transmittals/downloads/R1102CP.pdf> on the CMS web site. There providers will find updated Medicare Claims Processing Manual (100-04), Chapter 15 (Ambulance), Section 20.6.1 (Ambulance Inflation Factor (AIF)) as an attachment to that CR.