



Related MLN Matters Article #: MM5801

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Ambulance Inflation Factor for Calendar Year (CY) 2008

Key Words

MM5801, CR5801, R1375CP, Ambulance

Provider Types Affected

Providers and suppliers of ambulance services who bill Medicare Carriers, Fiscal Intermediaries (FIs), or Part A/B Medicare Administrative Contractors (A/B MACs) for those services

Key Points

- The effective date of the instruction is January 1, 2008.
- The implementation date is January 7, 2008.
- Section 1834(l) (3) (B) of the Social Security Act (the Act) provides the basis for updating payment limits that carriers, FIs, and A/B MACs use to determine how much to pay providers for the claims that they submit for ambulance services.
- Specifically, this section of the Act provides for a 2008 payment update that is equal to the percentage increase in the urban consumer price index, for the 12-month period ending with June of the previous year.
- The resulting percentage is referred to as the ambulance inflation factor (AIF).
- Change Request (CR) 5801 furnishes the CY 2008 AIF, which will be 2.7%.
- The table on page 2 of MLN Matters article MM5801 displays the AIF for CY 2008 and for the previous 5 years.
- The national fee schedule for ambulance services was phased in over a five-year transition period beginning April 1, 2002.
- The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established that the ground ambulance base rate (for services furnished during the period July 1, 2004, through December 31, 2009) is subject to a "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.

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, provider's payments have been based on a blended methodology. For CY 2008, this blend is 20% regional ground base rate and 80% national ground base rate.
- Before January 1, 2006, 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 (if it applied)) and to the reasonable cost or charge portion of the blended payment amount. Then, these two amounts were added together to determine each provider's or supplier's total payment amount.
- As of January 1, 2006, the total payment amount for air ambulance providers and suppliers is based on 100% of the national ambulance fee schedule.
- As of January 1, 2008, the total payment amount for ground ambulance providers and suppliers is 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, whichever is greater.

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/MM5801.pdf> on the CMS website.

The official instruction (CR5801) regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1375CP.pdf> on the CMS website.

If providers have questions regarding this issue, they may contact their Medicare Carrier, FI, or A/B MAC at their toll-free number, which may be found at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.