

Related Change Request (CR) #: 3473

Medlearn Matters Number: MM3473

Related CR Release Date: October 22, 2004

Related CR Transmittal #: 320

Effective Date: January 1, 2005

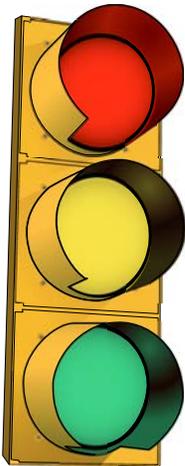
Implementation Date: January 3, 2005

Reminder Notice of the Implementation of the Ambulance Transition Schedule

Provider Types Affected

Ambulance providers and suppliers

Provider Action Needed



STOP – Impact to You

During the current calendar year (CY) 2004, year three of a five-year transition to the ambulance fee schedule implementation, payment for ambulance services is based on a blend of 60 percent of the fee schedule amount plus 40 percent of the provider's reasonable cost or the supplier's reasonable charge for the service. As of January 1, 2005, the amounts payable under the ambulance fee schedule for CY2005 will consist of 80 percent of the fee schedule amount and 20 percent of providers' reasonable cost or suppliers' reasonable charge amount for the service.

CAUTION – What You Need to Know

The fee schedule applies to **ALL** ambulance services furnished as a benefit under Medicare Part B. Ambulance providers and suppliers are required to accept assignment, and therefore must accept Medicare allowed charges as payment in full. They may not bill or collect from the beneficiary any amount other than an unmet Part B deductible and the Part B coinsurance amounts.

GO – What You Need to Do

Be aware that the next phase of the fee schedule payment process goes into effect on January 1, 2005 and adjust accounts receivable processes as necessary.

Background

Section 4531(b)(2) of the Balanced Budget Act (BBA) of 1997 added a new section 1834(l) to the Social Security Act, which mandates implementation of a national fee schedule for ambulance services furnished as a benefit under Medicare Part B. On April 1, 2002, CMS implemented a new fee schedule that applies to all ambulance services. The schedule applies to all ambulance services: volunteer, municipal, private,

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independent, as well as institutional providers, i.e., hospitals and skilled nursing facilities. The fee schedule will be phased in over a five-year transition period, during which time the amounts payable for services provided will be a blend of fee schedule amount and the provider's reasonable cost or supplier's reasonable charge amount. (Ambulance services covered under Medicare will be paid based on the lower of the actual billed amount or the ambulance fee schedule amount.)

Ambulance providers and suppliers are currently paid a blended rate, consisting of 60 percent of the fee schedule amount and 40 percent of the provider's reasonable cost amount or the supplier's reasonable charge amount.

Providers and suppliers are reminded that the ambulance fee schedule is being implemented on a five-year transition period as follows:

Year	Fee Schedule Percentage	Cost/Charge Percentage
Year 1 (4/1/02 – 12/31/02)*	20%	80%
Year 2 (CY 2003)*	40%	60%
Year 3 (CY 2004)*	60%	40%
Year 4 (CY 2005)	80%	20%
Year 5 (CY 2006 and thereafter)	100%	0%

*Previous and current year percentages

Section 1834 (l) also requires mandatory assignment for all ambulance services. Ambulance providers and suppliers must accept the Medicare allowed charge as payment in full and not bill or collect from the beneficiary any amount other than any unmet Part B deductible and the Part B coinsurance amounts.

Implementation

Implementation of the next phase of the fee schedule will begin on January 3, 2005.

Related Instructions

Providers should note when billing ambulance services to intermediaries that all ancillary services and supplies provided are considered part of the base rate and are not separately billable under the ambulance fee schedule. For Part B suppliers billing Medicare carriers for ambulance services, separately billable supplies may be billed, depending on the supplier's billing method.

Suppliers should also note that Medicare carriers will deny claims for separately billed supplies and ancillary services furnished during an ambulance transport on or after January 1, 2006.

The payment increases for ambulance transports available under Section 414 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) effective July 1, 2004 have been implemented. No additional changes are required to implement this MMA provision. Please refer to Change Request 3099, Transmittals 88 and 220 for details.

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Additional Information

The official instruction issued to your carrier regarding this change may be found by going to:

http://www.cms.hhs.gov/manuals/transmittals.comm_date_dsc.asp

From that web page, look for CR 3473 in the CR NUM column on the right, and click on the file for the desired CR.

For additional information relating to this issue, please refer to your local carrier/intermediary. To find that toll free phone number, go to:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>

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