



**News Flash - Your Medicare Payments Could Be Reduced If The Internal Revenue Service (IRS) Needs To Collect Overdue Taxes That You Owe** - The Taxpayer Relief Act of 1997, Section 1024, authorizes the IRS to reduce certain federal payments, including Medicare payments, to allow collection of overdue taxes. Should you owe such taxes and your payments are reduced, your remittance advice will reflect a provider level adjustment code (PLB) of "WU" in the PLB03-1 data field. For more information, please see MLN Matters Article #MM6125 available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf> on the CMS website.

MLN Matters Number: MM6214 **Revised**

Related Change Request (CR) #: 6214

Related CR Release Date: October 17, 2008

Effective Date: July 1, 2008

Related CR Transmittal #: R387OTN

Implementation Date: January 5, 2009

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

**Note:** This article was revised on December 6, 2010, to add a reference to MM7161 at <http://www.cms.gov/MLNMattersArticles/downloads/MM7161.pdf>, which offers further clarification on payment policy for air ambulance services. All other information remains the same.

### Provider Types Affected

Ambulance providers and suppliers submitting claims to Medicare contractors (carriers, Fiscal Intermediaries (FIs), and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for air ambulance services provided to Medicare beneficiaries.

### Provider Action Needed

This article is based on Change Request (CR) 6214, which alerts providers to the fact 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.

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Be aware that upon the implementation date of January 5, 2009, in addition to the successful installation of the revised calendar year (CY) 2008 ZIP Code File, your Medicare contractor 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. In addition, the revised ZIP Code File will be used to process such claims that were not already processed.

## Key Points of CR6214

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Section 146(b)(1) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) further amends the designation of rural areas for air ambulance services.

- The statute 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.
- Accordingly, 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.
- Your Medicare contractor will process air ambulance transport and mileage claims (i.e., A0430, A0431, A0435, A0436), in accordance with these revised designations.

## Background

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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)). The elements of 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. The final rule also establishes 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 as a Metropolitan Statistical Area, (MSA) or a New England County Metropolitan Area (NECMA). The definition of “rural” also included the Goldsmith Modification. The Goldsmith Modification was developed because of the need to identify small towns

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and rural areas within large metropolitan counties. Some of these communities were isolated from central areas with health services because of distance or other physical features. 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 OMB's Core-Based Statistical Areas (CBSAs) standard. It added the definition of "urban area" as defined by the Executive Office of Management and Budget (OMB). In addition, it 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 (RUCAs) 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.

## Additional Information

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If you have questions, please contact your Medicare A/B MAC, FI or carrier at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

To see the official instruction (CR6214) issued to your Medicare Carrier, FI or A/B MAC visit <http://www.cms.hhs.gov/Transmittals/downloads/R387OTN.pdf> on the CMS website.

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