

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1102	Date: NOVEMBER 3, 2006
	Change Request 5358

SUBJECT: Ambulance Inflation Factor (AIF) for CY 2007

I. SUMMARY OF CHANGES: This Change Request provides the Ambulance Inflation Factor (AIF) for CY 2007 to CMS contractors.

New / Revised Material

Effective Date: January 1, 2007

Implementation Date: January 2, 2007

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	15/20/20.6/20.6.1/Ambulance Inflation Factor (AIF)

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

**Recurring Notification Form
Manual Instruction**

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1102	Date: November 3, 2006	Change Request 5358
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SUBJECT: Ambulance Inflation Factor (AIF) for CY 2007

I. GENERAL INFORMATION

A. Background: This document furnishes you with the CY 2007 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by Section 1834(l)(3)(B) of the Social Security Act (the Act).

Section 1834(l)(3)(B) of the Act provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2007 that 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 resulting percentage is referred to as the AIF.

The national fee schedule for ambulance services has been phased in over a 5-year transition period beginning April 1, 2002. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) also established that for ambulance services furnished during the period July 1, 2004, through December 31, 2009, the ground ambulance base rate is subject to a floor amount, which is determined by establishing nine fee schedules based on each of the nine census divisions, and using the same methodology as was used to establish the national fee schedule. If the regional fee schedule methodology for a given census division results in an amount that is lower than the national ground base rate, then it is not used, and the national fee schedule amount applies for all providers and suppliers in the census division. If the regional fee schedule methodology for a given census division results in an amount that is greater than the national ground base rate, then the fee schedule portion of the base rate for that census division is equal to a blend of the national rate and the regional rate. For CY 2007, this blend would be 20 percent regional ground base rate and 80 percent national ground base rate. Prior to January 1, 2006, during the transition period, 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 separately, respectively, for each ambulance provider or supplier. Then, these two amounts were added together to determine the total payment amount for each provider or supplier. As of January 1, 2006, the total payment amount for air ambulance providers and suppliers is based on 100 percent of the national ambulance fee schedule. As of January 1, 2007, the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 80 percent of the national ambulance fee schedule, and 20 percent of the regional ambulance fee schedule, whichever is greater.

In addition, Section 414 of the Medicare Modernization Act (MMA) mandated an increase in the base rate and mileage rate for ground ambulance services rendered for the period July 1, 2004, through December 31, 2006. The increase was 1 percent for urban ground and mileage rates and 2 percent for rural ground and mileage rates. These increases will cease effective January 1, 2007. Effective for dates of service of January 1, 2007 and later, services paid under the ambulance fee schedule shall not include these temporary increases. These temporary increases and their dates of applicability were outlined in the July 1, 2004 Federal Register (Vol. 69, No. 126, Pages 40289 and 40290).

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
5358.3	A provider education article related to this instruction will be available at www.cms.hhs.gov/MLNMattersArticles shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
	N/A

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
	N/A

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2007</p> <p>Implementation Date: January 2, 2007</p> <p>Pre-Implementation Contact(s): Anne Tayloe, (410)786-4546</p> <p>Post-Implementation Contact(s): Anne Tayloe, (410)786-4546</p>	<p>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.</p>
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20.6.1 - Ambulance Inflation Factor (AIF)

(Rev. 1102, Issued: 11-03-06; Effective: 01-01-07; Implementation: 01-02-07)

Section 1834(l)(3)(B) of the Social Security Act (the Act) provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2007 that 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 resulting percentage is referred to as the AIF.

The national fee schedule for ambulance services has been phased in over a 5-year transition period beginning April 1, 2002. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) also established that for ambulance services furnished during the period July 1, 2004, through December 31, 2009, the ground ambulance base rate is subject to a floor amount, which is determined by establishing nine fee schedules based on each of the nine census divisions, and using the same methodology as was used to establish the national fee schedule. If the regional fee schedule methodology for a given census division results in an amount that is lower than the national ground base rate, then it is not used, and the national fee schedule amount applies for all providers and suppliers in the census division. If the regional fee schedule methodology for a given census division results in an amount that is greater than the national ground base rate, then the fee schedule portion of the base rate for that census division is equal to a blend of the national rate and the regional rate. For CY 2007, this blend would be 20 percent regional ground base rate and 80 percent national ground base rate. Prior to January 1, 2006, during the transition period, 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 separately, respectively, for each ambulance provider or supplier. Then, these two amounts were added together to determine the total payment amount for each provider or supplier. As of January 1, 2006, the total payment amount for air ambulance providers and suppliers is based on 100 percent of the national ambulance fee schedule. *As of January 1, 2007, the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 80 percent of the national ambulance fee schedule, and 20 percent of the regional ambulance fee schedule, whichever is greater.*

The AIF for calendar year 2007 is 4.3 percent. Part B coinsurance and deductible requirements apply. The 2007 ambulance fee schedule file is *available upon publication of the Change Request (CR)*. It may be retrieved at any time and will reside indefinitely for your access. It may be updated with each quarterly Common Working File (CWF) update. The address for the file is as follows:

MU00.@AAA2390.AMBFS.FINAL.V61

Following is a chart tracking the history of the AIF:

<u>AIF</u>	<u>CY</u>
1.1	2003
2.1	2004
3.3	2005
2.5	2006
<i>4.3</i>	<i>2007</i>