
CMS Manual System

Pub. 100-04 Medicare Claims Processing

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 425

Date: JANUARY 10, 2005

CHANGE REQUEST 3521

NOTE: Transmittal 367, dated November 12, 2004 is rescinded and replaced with Transmittal 425, dated January 10, 2005. There was a correction to the business requirements. 12X Type of Bills (TOBs) are appropriate TOBs for Critical Access Hospitals (CAHs) billing for Ambulance Services. 13X TOBs were inadvertently inserted in the requirements with red bolding. All other information remains the same.

I. SUMMARY OF CHANGES: Payment of ambulance services to Indian Health Service (IHS) or Tribal Hospitals including (CAHs).

NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005

***IMPLEMENTATION DATE: April 3, 2005**

Disclaimer for manual changes only: The revision date and transmittal number apply to the 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:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	15/ Table of Contents
R	15/10/ General Coverage and Payment Policies
N	15/30/2.4/ Indian Health Service/Tribal Billing

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment - Business Requirements

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SUBJECT: Section 630 of the Medicare Modernization Act (MMA) allows for the reimbursement for ambulance services provided by IHS/Tribal Hospitals, including CAHs, which manage and operate hospital-based ambulances.

CAH payment methodology for ambulance services has been based on the 101 percent of reasonable costs associated with outpatient services. Ambulance services should be paid at 100% reasonable cost for all CAH facilities.

I. GENERAL INFORMATION

A. Background:

Effective January 1, 2005, section 630 of the Medicare Modernization Act (MMA) allows for the reimbursement of ambulance services provided by IHS/Tribal including CAHs that manage and operate hospital-based ambulances.

CAH payments for ambulance services have been made in error based on 101% reasonable costs rather than the appropriate 100% reasonable costs.

B. Policy:

Claims for ambulance services from IHS/Tribal including CAH based ambulance services submitted by Indian Health Service (IHS) and Tribal Organizations shall be processed by the IHS/Tribal designated Fiscal Intermediary.

Ambulance services are not considered to be an outpatient CAH service and should only be paid at 100% reasonable cost rather than the 101% reasonable costs applicable for outpatient CAH services.

C. Provider Education:

A Medlearn Matters provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters 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 must be included in your next regularly scheduled bulletin. 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.

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement

“Should” denotes an optional requirement

Requirement Number	Requirements	Responsibility (place an “X” in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3521.1.1	The FISS shall accept a13X Type of Bill (TOB) with Revenue Code (RC) 054X and without RC 051X from an IHS/Tribal hospital with a hospital based ambulance service.	X				X				
3521.1.2	The FISS shall accept an 85X or 12X TOB with RC 054X, Condition Code (CC) B2, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service.	X				X				
3521.2.1	The FISS shall calculate a13X TOB with RC 054X and without RC 051X from an IHS/Tribal hospital with a hospital based ambulance service based on the Federal rate on the Ambulance Fee Schedule.	X				X				
3521.2.2	The FISS shall calculate an 85X or 12X TOB with RC 054X, Condition Code (CC) B2, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service based on 100% of reasonable cost if the 35-mile rule for cost based payment is met.	X				X				
3521.2.3	The FISS shall calculate an 85X or 12X TOB with RC 054X, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service based on the usual blend of 20% cost and 80% ambulance fee schedule for 2005, and 100% ambulance fee schedule beginning in 2006, if the ambulance service does not meet the 35-mile rule for cost based payment.	X				X				

Requirement Number	Requirements	Responsibility (place an "X" in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3521.3.1	The FI shall pay a13X TOB with RC 054X from an IHS/Tribal hospital with a hospital based ambulance service based on the Federal rate on the Ambulance Fee Schedule.	X				X				
3521.3.2	The FI shall pay an 85X or 12X TOB with RC 054X and CC B2 from an IHS/Tribal CAH with a hospital based ambulance service based on 100% of reasonable cost if the 35-mile rule for cost based payment is met.	X				X				
3521.3.2.1	The FI shall require IHS/Tribal CAHs to notify the FI whether the ambulance service meets or does not meet the 35-mile ambulance rule for cost based payment.	X								
3521.4.1	The FI shall calculate and apply coinsurance based on the payment amount for ambulance services provided by an IHS/Tribal hospital.	X				X				
3521.4.2	The FI shall calculate and apply coinsurance based on charges for ambulance services provided by an IHS/Tribal CAH.	X				X				
3521.4.3	The FI shall calculate and apply the Medicare deductible based on the payment amount for ambulance services furnished by a hospital based ambulance service provided by an IHS/Tribal hospital.	X								
3521.4.4	The FI shall calculate and apply the Medicare deductible based on the submitted charges for ambulance services furnished by a CAH based ambulance service provided by an IHS/Tribal CAH.	X				X				
3521.5.1	The FISS shall accept RCs 051X and 054X when an Outpatient Visit occurs in conjunction with ambulance services provided by IHS/Tribal hospitals including CAHs.	X				X				
3521.5.2	The FI shall pay the All Inclusive Rate (AIR) to IHS/Tribal hospitals and the CAH facility specific visit rate to IHS/Tribal CAHs when there is an outpatient visit in conjunction with the ambulance service.	X				X				

Requirement Number	Requirements	Responsibility (place an "X" in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CSW	
3521.9.1	The FI shall inform CAHs that the correct payment for ambulance services provided by a CAH that meets the 35-mile rule is 100 percent reasonable cost.	X								

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

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

E. Dependencies: N/A

F. Testing Consideration: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2005</p> <p>Implementation Date: April 3, 2005</p> <p>Pre-Implementation Contact(s): Pat Barrett at 410-786-0508</p> <p>Post-Implementation Contact(s): Regional Offices</p>	<p>Medicare Contractors shall implement these instructions within their current operating budgets.</p>
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***Unless otherwise specified, the effective date is the date of service.**

Medicare Claims Processing Manual

Chapter 15 - Ambulance

Table of Contents

(Rev.425, 01-10-05)

30.2.4 - Indian Health Service/Tribal Billing

10 - General Coverage and Payment Policies

(Rev. 425, Issued: 01-10-05, Effective: 01-01-05, Implementation: 04-03-05)

A3-3114, A3-3138, B3-2120, HO-236, SNF-262, A-01-52, PMs AB-00-88, AB-01-118, AB-00-127, AB-02-036, AB-02-48, AB-00-103, AB-01-185, AB-00-103

These instructions apply to processing claims to carriers and intermediaries under the ambulance fee schedule (FS).

General rules for coverage of ambulance services are in the Medicare Benefit Policy Manual, Chapter 10. General medical review instructions for ambulance services are in Chapter 6 of the Medicare Program Integrity Manual.

In general, effective April 1, 2002, payment is based on the level of service provided, not on the vehicle used. However, two temporary Q codes (Q3019 and Q3020) are available for use during the transition period when an ALS vehicle is used for a Medicare-covered transport, but no ALS service is furnished.

Ambulance services are separately reimbursable only under Part B. Once a beneficiary is admitted to a hospital, Critical Access Hospitals (CAH), or Skilled Nursing Facility (SNF), it may be necessary to transport the beneficiary to another hospital or other site temporarily for specialized care while the beneficiary maintains inpatient status with the original provider. This movement of the patient is considered “patient transportation” and is covered as an inpatient hospital or CAH service under Part A and as a SNF service when the SNF is furnishing it as a covered SNF service and Part A payment is made for that service. Because the service is covered and payable as a beneficiary transportation service under Part A, the service cannot be classified and paid for as an ambulance service under Part B. This includes intra-campus transfers between different departments of the same hospital, even where the departments are located in separate buildings. Such intra-campus transfers are not separately payable under the Part B ambulance benefit. Such costs are accounted for in the same manner as the costs of such a transfer within a single building. See section 10.3.3 of Chapter 10 of the Medicare Benefit Policy Manual for further details.

Prior to the implementation of the FS, suppliers used one of four billing methods. Providers used only one billing method, method 2. The FS (effective April 1, 2002) has only one billing method, formerly method 2. This current billing method includes payment for all items and services in the ambulance FS base rate except for the cost of mileage, which is payable separate from the base rate.

NOTE: The cost of oxygen and its administration in connection with and as part of the ambulance service is covered. Under the ambulance FS oxygen and other items and services provided as part of the transport are included in the FS base payment rate and are generally NOT separately payable.

The intermediary is responsible for the processing of claims for ambulance services furnished by providers; i.e., hospitals, skilled nursing facilities, and home health agencies. The carrier is responsible for processing claims from suppliers; i.e., those entities that are not owned and operated by a provider. Effective December 21, 2000, ambulance services furnished by a CAH or an entity that is owned and operated by a CAH are paid *100 percent of reasonable costs*, but only if the CAH or entity is the only provider or supplier of ambulance services located within a 35-mile drive of such CAH or

entity. Beginning February 24, 1999, ambulance transports to or from a nonhospital-based dialysis facility, origin and destination modifier “J,” satisfy the program’s origin and destination requirements for coverage.

Ambulance supplier services furnished under arrangements with a provider, e.g., hospital, SNF, or HHA, are not billed by the supplier to its carrier, but are billed by the provider to its intermediary. The intermediary is responsible for determining whether the conditions described below are met. In cases where all or part of the ambulance services are billed to the carrier, the carrier has this responsibility, and the intermediary must contact the carrier to ascertain whether it has already determined if the crew and ambulance requirements are met. In such a situation, the intermediary should accept the carrier’s determination without pursuing its own investigation.

Where a provider furnishes ambulance services under arrangements with a supplier of ambulance services, such services can be covered only if the supplier’s vehicles and crew meet the certification requirements applicable for independent ambulance suppliers. The ambulance FS is effective for 4 claims with dates of service on or after April 1, 2002. The FS is phased in over a transition period through the end of 2005. During the transition period payment amounts are a blended amount: part ambulance FS, and part reasonable charge (for independent suppliers) or reasonable cost for providers. The percentages for the blended rate during the transition period are as follows:

Transition Year	Reasonable Charge/ Cost Percent	FS Percent
Year One (4/1/2002-12/2002)	80	20
Year Two (CY 2003)	60	40
Year Three (CY 2004)	40	60
Year Four (CY 2005)	20	80
Year Five (CY 2006)	0	100

In order to ensure that suppliers receive the amounts reimbursable under each of these payment methods, CMS will issue a yearly fee schedule and post it on the CMS Web site. In addition, carriers will supply the reasonable charge amounts through the disclosure process.

30.2.4 – INDIAN HEALTH SERVICE (IHS)/TRIBAL BILLING

(Rev. 425, Issued: 01-10-05, Effective: 01-01-05, Implementation: 04-03-05)

Ambulance services originating out of IHS/ Tribal hospitals including Critical Access Hospitals (CAHs) that are hospital based ambulance services will be paid according to the appropriate payment methodology.

For IHS/Tribal CAH based ambulance services the appropriate payment methodology is cost based. 100 percent of the reasonable cost is paid for ambulance services to CAH based ambulance services which meet the 35 mile rule.

For IHS/Tribal hospital based ambulance services the appropriate payment methodology is 100 percent of the Federal rate of the ambulance fee schedule.