

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 762

Department of Health &
Human Services (DHHS)

Center for Medicare &
Medicaid Services (CMS)

Date: NOVEMBER 25, 2005

Change Request 4061

NOTE: This instruction was previously communicated as sensitive and controversial. This instruction is no longer sensitive and may be posted to your web site as early as today November 28, 2005.

SUBJECT: Ambulance Inflation Factor for CY 2006

I. SUMMARY OF CHANGES: This CR provides the Ambulance Inflation Factor (AIF) for CY 2006 to CMS contractors.

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 01, 2006

IMPLEMENTATION DATE: January 03, 2006

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	15/20.6.1/Ambulance Inflation Factor (AIF)

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification
Manual Instruction

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 762	Date: November 25, 2005	Change Request 4061
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SUBJECT: Ambulance Inflation Factor for CY 2006

I. GENERAL INFORMATION

A. Background:

This document furnishes you with the CY 2006 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by section 1834(l) 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 2006 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 five-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 2006, this blend would be 40 percent regional ground base rate and 60 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 will be based on 100 percent of the national ambulance fee schedule, while the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 60 percent of the national ambulance fee schedule and 40 percent of the regional ambulance fee schedule.

B. Policy:

This transmittal manualizes the AIF so that Medicare contractors can accurately determine payment amounts for ambulance services.

The AIF for calendar year 2006, is 2.5 percent. Part B coinsurance and deductible requirements apply. The 2006, ambulance fee schedule file may be retrieved at any time and will reside indefinitely for your access. It will be updated with each quarterly Common Working File (CWF) update.

II. BUSINESS REQUIREMENTS

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)							
		F I	R H 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		
4061.1	Contractors shall use the CY 2006 AIF for determining the payment limit on claims for ambulance services furnished on or after January 1, 2006.	X		X					
4061.2	The 2006 ambulance fee schedule file shall be downloaded and used to process 2006 ambulance service claims. The address for the file is as follows: MU00.@AAA2390.AMBFS.FINAL.V51	X		X					

III. PROVIDER EDUCATION

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				Other
						F I S S	M C S	V M S	C W F	
4061.3	<p>A 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 one 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.</p>	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

Effective Date*: January 1, 2006 Implementation Date: January 3, 2006 Pre-Implementation Contact(s): Anne Tayloe, (410)786-4546 Post-Implementation Contact(s): Anne Tayloe, (410)786-4546	No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.
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Medicare Claims Processing Manual

Chapter 15 - Ambulance

20.6.1 - Ambulance Inflation Factor (AIF)

(Rev. 762, Issued: 11-25-05, Effective: 01-01-06, Implementation: 01-03-06)

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 2006 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 five-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 2006, this blend would be 40 percent regional ground base rate and 60 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 will be based on 100 percent of the national ambulance fee schedule, while the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 60 percent of the national ambulance fee schedule and 40 percent of the regional ambulance fee schedule.

*The AIF for calendar year 2006, is **2.5 percent**. Part B coinsurance and deductible requirements apply. The 2006, ambulance fee schedule file may be retrieved at any time and will reside indefinitely for your access. It will be updated with each quarterly Common Working File (CWF) update. The address for the file is as follows:*

MU00.@AAA2390.AMBFS.FINAL.V51

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