
Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-01-52

Date: APRIL 16, 2001

CHANGE REQUEST 1609

SUBJECT: Medicare Payment for Ambulance Services Furnished by Certain Critical Access Hospitals (CAH)

Section 205 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000 exempts certain critical access hospitals (CAH) from the current Medicare ambulance cost per trip payment limit as well as from the ambulance fee schedule. Section 205(a) of BIPA states:

The Secretary shall pay the reasonable costs incurred in furnishing ambulance services if such services are furnished (A) by a CAH (as defined in section 1861(mm)(1)), or (B) by an entity that is owned and operated by a CAH, but only if the CAH or entity is the only provider or supplier of ambulance services that is located within a 35-mile drive of such CAH.

This provision is effective for ambulance services furnished on or after December 21, 2000. However, the criteria that must be met, and the procedure to be used, in order for a CAH to be eligible for this benefit will be discussed in the forthcoming notice of proposed rulemaking for the Medicare hospital inpatient prospective payment system. Ambulance services furnished on or after December 21, 2000 by eligible CAHs will be paid on a reasonable cost basis. Eligible CAHs will continue to be paid based on reasonable cost after implementation of the ambulance fee schedule.

Operational instructions for implementing this provision will be issued before any cost settlement occurs for services furnished on or after December 21, 2000.

You should notify your providers and suppliers of the information contained in this Program Memorandum (PM).

The *effective date* for this PM is December 21, 2000.

The *implementation date* for this PM is July 1, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after December 31, 2002.

For payment and coverage policy issues, contact Glenn McGuirk at (410) 786-5723.