

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 387	Date: OCTOBER 17, 2008
	Change Request 6214

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

I. SUMMARY OF CHANGES: This change request provides instruction to Medicare contractors to process air ambulance claims with the revised January 2009 release of the Zip Code File in order to implement Section 146(b)(1) of the MIPPA of 2008.

NEW / REVISED MATERIAL

EFFECTIVE DATE: JULY 1, 2008

IMPLEMENTATION DATE: JANUARY 5, 2009

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

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

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

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 387	Date: October 17, 2008	Change Request: 6214
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SUBJECT: Medicare Payment for Air Ambulance Services Under Section 146(b)(1) of the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008

Effective Date: July 1, 2008

Implementation Date: January 5, 2009

I. GENERAL INFORMATION

A. Background: 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. The definition of "rural" also included the Goldsmith Modification. The Goldsmith Modification was developed because of the need to identify small towns 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 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 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.

Section 146(b)(1) of the MIPPA of 2008 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 shall 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.

B. Policy: 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 shall 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.

II. BUSINESS REQUIREMENTS TABLE

“Shall” denotes a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6214.1	The CMS shall identify zip codes that were classified as rural (or super-rural) on December 31, 2006, for eligibility of the 18-month hold harmless provision, per Section 146(b)(1) of the MIPPA for developing a revised CY 2008 Zip Code File.										CMS
6214.2	The CMS shall revise the CY 2008 Zip Code File to create two columns of zip codes as follows: <ul style="list-style-type: none"> One column of zip codes applicable for air ambulance services only (i.e., A0430, A0431, A0435, A0436), and One column of zip codes applicable for all non-air ambulance services. 										CMS
6214.2.1	The CMS shall transmit the revised CY 2008 Zip Code File to contractors.										CMS
6214.3	Contractors shall download the revised CY 2008 Zip Code File, per CR 6192, and incorporate such file into the process for adjudicating air ambulance claims for dates of service beginning July 1, 2008 through December 31, 2008. Note: Appendix 1 includes the revised CY 2008 Zip Code File (Zip 5 File) Layout	X		X	X		X	X			EDC
6214.4	Upon successful installation of the revised CY 2008 Zip Code File, contractors shall 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, and which were not already paid using the correct urban/rural designations via other procedures.	X		X	X		X	X			EDC
6214.4.1	The FIs and A/B MACs shall send the following information to Valeri Ritter at valeri.ritter@cms.hhs.gov , no later than February 28, 2009: <ul style="list-style-type: none"> Contractor Name 	X		X							

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	<ul style="list-style-type: none"> Contractor Number The total # of CMS-1450 and X12837I claims that are reprocessed due to 6214.4 above <p>NOTE: Contractors shall submit an extension request to Valeri Ritter if the contractor cannot submit a completed notification by the February 28, 2009 due date.</p>										
6214.4.2	<p>Carriers and A/B MACs shall send the following information to Eric Coulson at eric.coulson@cms.hhs.gov, no later than February 28, 2009:</p> <ul style="list-style-type: none"> Contractor Name Contractor Number The total # of CMS-1500 and X12837P claims that are reprocessed due to 6214.4 above <p>NOTE: Contractors shall submit an extension request to Eric Coulson if the contractor cannot submit a completed notification by the February 28, 2009 due date.</p>	X			X						
6214.5	<p>Contractors shall process air ambulance transport and mileage claims (i.e., A0430, A0431, A0435, A0436) with dates of service on or after July 1, 2008 through December 31, 2008, using the Rural Indicator (position 15) and the Rural Indicator 2 (position 18) on the revised CY 2008 zip code file to determine whether they are urban or rural. If either field contains a rural indicator, the rural payment amount is appropriate.</p>	X		X	X		X	X			EDC
6214.6	<p>Contractors shall process ground ambulance transport and mileage claims (A0426, A0427, A0428, A0429, A0432, A0433, A0434, A0425) with dates of service on or after July 1, 2008 through December 31, 2008, using the Rural Indicator field (position 15) on the revised CY 2008 zip code file to determine whether they are urban or rural.</p>	X		X	X		X	X			EDC
6214.7	<p>The CMS shall identify zip codes that were classified as rural (or super-rural) on December 31, 2006, for eligibility of the 18-month hold harmless provision, per Section 146(b)(1) of the MIPPA for developing a CY 2009 Zip Code File.</p>										CMS

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6214.8	The CMS shall create the following two columns of zip codes in the CY 2009 Zip Code Files: <ul style="list-style-type: none"> One column of zip codes applicable for air ambulance services only (i.e., A0430, A0431, A0435, A0436), and One column of zip codes applicable for all non-air ambulance services. 										CMS
6214.9	The CMS shall transmit the CY 2009 Zip Code File to contractors.										CMS
6214.10	Contractors shall download the CY 2009 Zip Code File, per CR 6192. NOTE: Appendix 1 includes the CY 2009 Zip Code File (Zip 5 File) Layout	X		X	X		X	X			EDC
6214.10.1	Contractors shall process air ambulance transport and mileage claims (i.e., A0430, A0431, A0435, A0436) with dates of service on or after January 1, 2009, using the Rural Indicator (position 15) and the Rural Indicator 2 (position 18) on the CY 2009 zip code file to determine whether they are urban or rural. If either field contains a rural indicator, the rural payment amount is appropriate.	X		X	X		X	X			EDC
6214.10.2	Contractors shall process ground ambulance transport and mileage claims (A0426, A0427, A0428, A0429, A0432, A0433, A0434, A0425) with dates of service on or after January 1, 2009, using the Rural Indicator field (position 15) on the CY 2009 zip code file to determine whether they are urban or rural.	X		X	X		X	X			EDC

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6214.11	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters"	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	<p>listserv.</p> <p>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. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
6214.5 6214.10.1	The MCS shall ensure that the Rural Indicator 2 field is displayed on the online Ambulance Fee Schedule (AM) screen along with the existing Rural Indicator field.

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s):

Supplier Claims Processing: Eric Coulson at 410-786-3352 or eric.coulson@cms.hhs.gov

Institutional Claims Processing: Valeri Ritter at 410-786-8652 or valeri.ritter@cms.hhs.gov

Post-Implementation Contact(s):

Regional office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Carriers*, and *Regional Home Health Carriers (RHHIs)* use only one of the following statements:

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

Section B: *For Medicare Administrative Contractors (MACs)*, use the following statement:

The Medicare administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Attachment

Appendix 1

2009 ZIP 5 Record Layout				
Field	Begin Position	End Position	Length	Description
State	1	2	2	
Zip Code	3	7	5	
Carrier	8	12	5	
Pricing Locality	13	14	2	
Rural Indicator	15	15	1	Effective 1/1/2007 Blank =urban, R =rural, B =super rural
Bene Lab CB Locality	16	17	2	Lab competitive bid locality: Z1 = CBA 1 Z2 = CBA 2 Z9 = Not a demo locality
Rural Indicator 2	18	18	1	What was effective 12/1/2006 Blank =urban, R =rural, B =super rural
Filler	19	20	2	
Plus Four Flag	21	21	1	0 = no +4 extension, 1 = +4 extension
Filler	22	75	54	
Year/Quarter	76	80	5	YYYYQ