Medicare Learning Network
MLN Matters®
CMS
Information for Medicare Fee-For-Service Health Care Professionals

Related Change Request (CR) #: 4061 MLN Matters Number: MM4061
Related CR Release Date: November 25, 2005
Related CR Transmittal #: 762
Effective Date: January 1, 2006
Implementation Date: January 3, 2006

Ambulance Inflation Factor for CY 2006

Note: This article was updated on February 16, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Providers and suppliers of ambulance services billing Medicare carriers and fiscal intermediaries (FIs) for those services

Provider Action Needed

None. This article is for your information only. It provides the Ambulance Inflation Factor (AIF) for Calendar Year (CY) 2006. The AIF for CY 2006 is 2.5%.

Background

Section 1834(l)(3)(B) of the Social Security Act (SSA) provides the basis for updating the payment limits that carriers and FIs use to determine how much to pay you for the claims that you submit for ambulance services. The national fee schedule for ambulance services has been phased in over a five-year transition period beginning April 1, 2002. The Ambulance Inflation Factor (AIF) updates payments annually and 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 AIF for calendar year (CY) 2006 will be 2.5 percent. This follows the CY 2005 AIF of 3.3 percent, the CY 2004 AIF of 2.1 percent, and the CY 2003 AIF of 1.1 percent.

Additionally, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established that the ground ambulance base rate (for services furnished during the period July 1, 2004 through December 31, 2009) will have a baseline "floor" amount.

Payment will not be less than this "floor," which is determined by establishing nine fee schedules (one for each of the nine census divisions) and then using the same methodology that was used to establish the national fee schedule to calculate a regional conversion factor and a regional mileage payment.

Some key issues related to the AIF are discussed below:

Payments Based on Blended Methodology

During this five-year transition period, your payments are based on a blended methodology. Before January 1, 2006, for each ambulance provider or supplier, the AIF was applied to both the fee schedule portion of the blended payment amount (both national and regional) and to the reasonable cost/charge portion. Then, these two amounts were added together to determine each provider or supplier's total payment amount.

As of January 1, 2006, the total payment amount for ground ambulance providers and suppliers will be based on either 100% of the national ambulance fee schedule, or 60% of the national ambulance fee schedule added to 40% of the regional ambulance fee schedule. *The total payment amount for air ambulance providers and suppliers will be based on 100% of the national ambulance fee schedule.*

National or Regional Fee Schedules

Either the national fee schedule or regional fee schedule applies for all providers and suppliers in the census division, depending on the payment amount that the regional methodology yields. The national fee schedule amount applies when the regional fee schedule methodology results in an amount (for a given census division) that is lower than the national ground base rate.

Conversely, the regional fee schedule applies when its methodology results in an amount (for the census division) that is greater than the national ground base rate. When the regional fee schedule is used, that census division's fee schedule portion of the base rate is equal to a blend of the national rate and the regional rate. For CY 2006, this blend will be 40% regional ground base rate and 60% national ground base rate.

Part B Coinsurance and Deductible Requirements

Part B coinsurance and deductible requirements apply.

Additional Information

More information about the CY 2006 Ambulance Inflation Factor is available at http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R762CP.pdf on the CMS website.

Also useful is the Medicare Claims Processing Manual, 100.04, Chapter 15, Section 20.6 (Update Charges), Subsection 20.6.1 (Ambulance Inflation Factor – AIF), which is included as an attachment to CR4061.

Finally, if you have any questions, please contact your carrier/intermediary at their toll-free number, which may be found at http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html on the CMS website.