

Program Memorandum Carriers

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

Transmittal B-03-029

Date: APRIL 25, 2003

CHANGE REQUEST 2561

SUBJECT: Managed Care Reasonable Charge Data Disclosure Requirements for Ambulance Services

I. GENERAL INFORMATION

A. Background:

This Program Memorandum (PM) institutes a requirement to disclose to CMS-contracted managed care operations the prevailing inflation index charge (IIC) amounts of the reasonable charge for ambulance services and supplies.

On April 1, 2002, CMS implemented a new fee schedule that applies to all ambulance services, including volunteer, municipal, private, institutional providers, i.e., hospitals, critical access hospitals, and skilled nursing facilities. The ambulance fee schedule is effective for claims with dates of service on or after April 1, 2002. Under the fee schedule, ambulance services covered under Medicare are paid based on the lower of the actual billed amount or the ambulance fee schedule amount.

As discussed in previous PMs, the fee schedule will be phased in over a 5-year period. When fully implemented, the fee schedule will replace the current retrospective reasonable cost reimbursement system for providers and reasonable charge system for ambulance suppliers. The percentages for the blended rate during the transition period are as follows:

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

Suppliers and providers without a contract establishing payment amounts for services provided to a beneficiary enrolled in a Medicare+Choice (M+C) coordinated care plan or M+C private fee-for-service plan must accept, as payment in full, the amounts that they could collect if the beneficiary were enrolled in original Medicare. The provider or supplier can collect from the M+C plan enrollee the cost-sharing amount required under the M+C plan, and collect the remainder from the M+C organization.

In order to ensure that suppliers receive the amounts reimbursable under each of these payment methods, the Centers for Medicare and Medicaid Services (CMS) will issue a yearly fee schedule and post a public use file on the ambulance services Web site located at <http://www.cms.hhs.gov/suppliers/ambulance/>.

In addition, carriers will supply the prevailing IIC reasonable charge amounts for ambulance services and supplies to CMS Central Office each calendar year during the transition period. Beginning in CY 2003, and continuing through CY 2005, CMS-contracted managed care operations will be able to access reasonable charge pricing data on the ambulance services Web site.

B. Policy:

Beginning in CY2003, and continuing through CY 2005, carriers must disclose by locality the prevailing IIC reasonable charge amounts for each ambulance Healthcare Common Procedure Coding System (HCPCS) code for the forthcoming year (i.e., the full amount that would have been payable under the reasonable charge for all ambulance services). In addition, carriers contacted by managed care operation requesting additional reasonable charge data (e.g., supplier-specific customary reasonable charge amounts) must furnish this data for each locality in which the managed care operation provides ambulance services.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2561.1	Carriers shall furnish reasonable charge data to managed care organizations, upon request, for each locality in which the managed care operation provides ambulance services.	
2561.2	Carriers shall prepare an annual managed care disclosure file in text file format (e.g., ASCII) containing the prevailing IIC reasonable charge amounts for each ambulance HCPCS code by locality.	
2561.3	Carriers shall send the CY 2003 annual managed care disclosure file via e-mail to AmbulanceQ@cms.hhs.gov within two weeks upon date of release of the PM.	
2561.4	For CY 2004 through CY 2005, carriers shall send the annual managed care file via e-mail to AmbulanceQ@cms.hhs.gov on or before January 1 of each year.	
2561.5	Carriers shall post on their Web sites within two weeks upon date of release of the PM the following educational information: <ul style="list-style-type: none"> Beginning in CY 2003, and continuing through CY 2005, carriers must prepare an annual managed care disclosure file in text file format (e.g., ASCII) containing the prevailing IIC reasonable charge amounts for each ambulance HCPCS code by locality. During the transition to the ambulance fee schedule (CY 2003 through 2005), CMS-contracted managed care operations will be able to access reasonable charge pricing data on the CMS ambulance services Web site located at http://www.cms.hhs.gov/suppliers/ambulance/. Managed care operations may request additional reasonable charge data (e.g., supplier-specific customary reasonable charge amounts) from their carrier for each locality in which the managed care operation provides ambulance services. 	
2561.6	Carriers shall post in the next scheduled bulletin published during the time frame of April 1, 2003, and December 31, 2003, the following educational information: <ul style="list-style-type: none"> Beginning in CY 2003, and continuing through CY 2005, carriers must prepare an annual managed care 	

	<p>disclosure file in text file format (e.g., ASCII) containing the prevailing IIC reasonable charge amounts for each ambulance HCPCS code by locality.</p> <ul style="list-style-type: none"> • During the transition to the ambulance fee schedule (CY 2003 through 2005), CMS-contracted managed care operations will be able to access reasonable charge pricing data on the CMS ambulance services Web site located at http://www.cms.hhs.gov/suppliers/ambulance/. • Managed care operations may request additional reasonable charge data (e.g., supplier-specific customary reasonable charge amounts) from their carrier for each locality in which the managed care operation provides ambulance services. 	
--	--	--

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2561.2	<p>Carriers shall create a reasonable charge disclosure file format, or use an existing file format, containing the following data elements:</p> <ul style="list-style-type: none"> • Carrier Number • Ambulance HCPCS Code • Locality • Prevailing IIC Amount <p>The file format may contain additional information, but must include these mandatory data elements.</p>

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 Considerations: N/A

IV. ATTACHMENT(S): None

<p>Implementation Date: May 9, 2003</p> <p>Discard Date: April 1, 2004</p> <p>Post-Implementation Contact: Susan Webster (410) 786-3384</p> <p>Effective Date: April 1, 2003</p>	<p>Funding: These instructions should be implemented within your current operating budget.</p> <p>Pre-Implementation Contact: Susan Webster (410) 786-3384</p>
--	--