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# Program Memorandum Carriers

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

Transmittal B-03-049

DATE: JUNE 20, 2003

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## CHANGE REQUEST 2741

**SUBJECT: Additional Instructions to Assist in the Implementation of Program Memorandum B-02-75 - Carrier Review of Payment Amounts for Portable X-Ray Transportation Services (HCPCS Code R0070)**

In response to a number of inquiries from carriers and providers, CMS has developed the following clarifying instructions in order to implement CMS policy for the carrier pricing of HCPCS Code R0070.

As a carrier priced service, carriers must initially determine a payment rate for portable X-ray transportation services that is associated with the cost of providing the service. In order to determine an appropriate cost, the carrier should, at a minimum, cost out the vehicle, vehicle modifications, gasoline and the staff time involved in only the transportation for a portable X-ray service. A review of the pricing of this service should be done every five years.

Direct costs related to the vehicle carrying the X-ray machine are fully allocable to determining the payment rate. This includes the cost of the vehicle using a recognized depreciation method, the salary and fringe benefits associated with the staff who drive the vehicle, the communication equipment used between the vehicle and the home office, the salary and fringe benefits of the staff who determine the vehicles route (this could be proportional of office staff), repairs and maintenance of the vehicle(s), insurance for the vehicle(s), operating expenses for the vehicles and any other reasonable costs associated with this service as determined by the carrier. The carrier will have discretion for allocating indirect costs (those costs that cannot be directly attributed to portable X-ray transportation) between the transportation service and the technical component of the X-ray tests.

Suppliers may send carriers unsolicited cost information. The carrier may use this cost data as a comparison to its carrier priced determination. The data supplied should reflect a year's worth (either calendar or corporate fiscal) of information. Each provider who submits such data is to be informed that the data is subject to verification and will be used to supplement other information that is used to determine Medicare's payment rate.

Carriers are required to update the rate on an annual basis using independently determined measures of the cost of providing the service. A number of readily available measures (e.g., ambulance inflation factor, the Medicare economic index) that are used by the Medicare program to adjust payment rates for other types of services may be appropriate to use to update the rate for years that the carrier does not recalibrate the payment. Each carrier has the flexibility to identify the index it will use to update the rate. In addition, the carrier can consider locally identified factors that are measured independently of CMS as an adjunct to the annual adjustment.

### **Provider Education:**

Carriers must inform affected provider communities by posting relevant portions of this instruction on their websites within two weeks of receiving this instruction. In addition, this same information must be published in your next regularly scheduled bulletin. If you have a listserv that targets the affected provider communities, you must use it to notify subscribers that information about "Payment Review for Portable X-Ray Transportation Services" is available on your Web sites.

**The *effective date* for this Program Memorandum (PM) is not applicable because this is a clarification of existing instructions.**

**The *implementation date* for this PM is July 7, 2003.**

**These instructions should be implemented within your current operating budget.**

**This PM may be discarded after June 30, 2004.**

**If you have any questions contact Stephanie Monroe, Ph.D. at (410) 786-6864.**