CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2318	**Date: October 13, 2011**
	Change Request 7558

NOTE: Transmittal 2313 dated September 30, 2011, is being rescinded and replaced with Transmittal 2318, dated, October 13, 2011to include the entire portion of Section 20.1.4, and not just numbers 7 and 8. All other information remains the same.

SUBJECT: Updates to the Internet Only Manual Pub.100-04, Chapter 15-Ambulance to include The Medicare and Medicaid Extenders Act of 2010 (MMEA) Provisions.

I. SUMMARY OF CHANGES: This CR updates the IOM Pub. 100-04, Chapter 15 to include the correct extension dates per the MMEA of 2010.

EFFECTIVE DATE: January 18, 2012
IMPLEMENTATION DATE: January 18, 2012

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
R	15/20.1.4/Components of the Ambulance Fee Schedule

III. FUNDING:
For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

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:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 2318	Date: October 13, 2011	Change Request: 7558

NOTE: Transmittal 2313 dated September 30, 2011, is being rescinded and replaced with Transmittal 2318, dated, October 13, 2011, to include the entire portion of Section 20.1.4, and not just numbers 7 and 8. All other information remains the same.

SUBJECT: Updates to the Internet Only Manual, Pub. 100-04, Chapter 15-Ambulance, to include the Medicare and Medicaid Extenders Act of 2010 (MMEA) Provisions

Effective Date: January 18, 2012

Implementation Date: January 18, 2012

I. GENERAL INFORMATION

A. Background: The Medicare Modernization Act of 2003 amended §1834(l) (13) (A) of the Social Security Act (SSA). This section provided increases in payment rates for covered ground ambulance transports which originated in a rural area in the amount of two (2) percent, and for covered ground ambulance transports which originated in a non-rural area by one (1) percent. This provision was effective for the period July 1, 2004 to January 1, 2007.

Section 146(a) of The Medicare Improvements for Patients and Providers Act of 2008 (MIPAA) amended §1834(l) (13) (A) of the SSA and provided for an increase in the ambulance fee schedule amounts for covered ground ambulance transports which originated in rural areas by 3 percent and for covered ground ambulance transports which originated in urban areas by 2 percent. These increases were only applicable for claims with dates of service July 1, 2008 through December 31, 2009; however, Sections 3105(a) and 10311(a) of the Patient Protection and Affordable Care Act (ACA) of 2010 further amended §1834(l) (13) (A) of the SSA to reinstate these provisions on or after January 1, 2010.

Subsequently, Section 106 (a) of the Medicare and Medicaid Extenders Act of 2010 (MMEA) again amended §1834 (1) (13) (A) of the SSA to extend the payment add-ons an additional year through December 31, 2011.

In addition, Section 414 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) specified that, for services furnished during the period July 1, 2004 through December 31, 2009, the payment amount for the ground ambulance base rate was increased where the ambulance transport originated in a rural area included in those areas comprising the lowest 25th percentile of all rural populations arrayed by population density. For this purpose, rural areas included Goldsmith areas (a type of rural census tract). Approximately half of all rural areas (rural counties plus Goldsmith areas) were required to include 25 percent of the rural population arrayed in order of population density. The amount of this increase was based on the Secretary's estimate of the ratio of the average cost per trip for the rural areas comprised of the lowest quartile of population arrayed by density compared to the average cost per trip for the rural areas comprised of the highest quartile of population arrayed by density. The Centers for Medicare and Medicaid Services (CMS) determined that the amount of this increase was equal to 22.6 percent. Sections 3105(c) and 10311(c) of the ACA of 2010 further amended §1834(l) (12) (A) of the SSA to reinstate this provision for claims with dates of service on or after January 1, 2010, and before January 1, 2011, using the percentage increase that was applicable under this provision for ambulance services during 2009.

Subsequently, Section 106 (c) of the MMEA again amended §1834 (1) (12) (A) of the SSA to extend the rural bonus an additional year, through December 31, 2011.

B. Policy: Contractors shall ensure they are in compliance with the instructions found in the CMS Internet Only Manual (IOM) Publication 100-04 – Medicare Claims Processing Manual, Chapter 15 - Ambulance.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7558.1	Contractors shall ensure that they are in compliance with the instructions found in the CMS IOM Pub. 100-04, Chapter 15.	X		X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7558. 2	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" listserv. 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.	X		X	X						

III. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Roechel Kujawa on 410-786-9111 or e-mail at roechel.kujawa@cms.hhs.gov; for ambulance related issues or Eric Coulson on 410-786-3352 or e-mail at eric.coulson@cms.hhs.gov; for claims processing related issues.

Post-Implementation Contact(s): Contract your Contracting Officer's Technical Representative (CORT) or Contract Manager, as applicable.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs), and/or 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.

20.1.4 - Components of the Ambulance Fee Schedule

(Rev. *2318*, Issued: *10-13-11:* Effective: 01-18-12, Implementation: 01-18-12)

The mileage rates provided in this section are the base rates that are adjusted by the yearly ambulance inflation factor (AIF). The payment amount under the fee schedule is determined as follows:

- **For ground ambulance services**, the fee schedule amount includes:

  1. A money amount that serves as a nationally uniform base rate, called a "conversion factor" (CF), for all ground ambulance services;

  2. A relative value unit (RVU) assigned to each type of ground ambulance service;

  3. A geographic adjustment factor (GAF) for each ambulance fee schedule locality area (geographic practice cost index (GPCI));

  4. A nationally uniform loaded mileage rate;

  5. An additional amount for certain mileage for a rural point-of-pickup; and

  6. For specified temporary periods, certain additional payment amounts as described in section 20.1.4A, below.

- **For air ambulance services**, the fee schedule amount includes:

  1. A nationally uniform base rate for fixed wing and a nationally uniform base rate for rotary wing;

  2. A geographic adjustment factor (GAF) for each ambulance fee schedule locality area (GPCI);

  3. A nationally uniform loaded mileage rate for each type of air service; and

  4. A rural adjustment to the base rate and mileage for services furnished for a rural point-of-pickup.

A. Ground Ambulance Services

1. Conversion Factor

The conversion factor (CF) is a money amount used to develop a base rate for each category of ground ambulance service. The CF is updated annually by the ambulance inflation factor and for other reasons as necessary.

2. Relative Value Units

Relative value units (RVUs) set a numeric value for ambulance services relative to the value of a base level ambulance service. Since there are marked differences in resources necessary to furnish the various levels of ground ambulance services, different levels of payment are appropriate for the various levels of service. The different payment amounts are based on level of service. An RVU expresses the constant multiplier for a particular type of service (including, where appropriate, an emergency response). An RVU of 1.00 is assigned to the BLS of ground service, e.g., BLS has an RVU of 1; higher RVU values are assigned to the other types of ground ambulance services, which require more service than BLS.

The RVUs are as follows:

Service Level	**RVU**
BLS	1.00
BLS - Emergency	1.60
ALS1	1.20
ALS1- Emergency	1.90
ALS2	2.75
SCT	3.25
PI	1.75

3. Geographic Adjustment Factor (GAF)

The GAF is one of two factors intended to address regional differences in the cost of furnishing ambulance services. The GAF for the ambulance FS uses the non-facility practice expense (PE) of the geographic practice cost index (GPCI) of the Medicare physician fee schedule to adjust payment to account for regional differences. Thus, the geographic areas applicable to the ambulance FS are the same as those used for the physician fee schedule.

The location where the beneficiary was put into the ambulance (POP) establishes which GPCI applies. For multiple vehicle transports, each leg of the transport is separately evaluated for the applicable GPCI. Thus, for the second (or any subsequent) leg of a transport, the POP establishes the applicable GPCI for that portion of the ambulance transport.

For ground ambulance services, the applicable GPCI is multiplied by 70 percent of the base rate. Again, the base rate for each category of ground ambulance services is the CF multiplied by the applicable RVU. The GPCI is not applied to the ground mileage rate.

4. Mileage

In the context of all payment instructions, the term "mileage" refers to loaded mileage. The ambulance FS provides a separate payment amount for mileage. The mileage rate per statute mile applies for all types of ground ambulance services, except Paramedic Intercept, and is provided to all Medicare contractors electronically by CMS as part of the ambulance FS. Providers and suppliers must report all medically necessary mileage, including the mileage subject to a rural adjustment, in a single line item.

5. Adjustment for Certain Ground Mileage for Rural Points of Pickup (POP)

The payment rate is greater for certain mileage where the POP is in a rural area to account for the higher costs per ambulance trip that are typical of rural operations where fewer trips are made in any given period.

If the POP is a rural ZIP Code, the following calculations should be used to determine the rural adjustment portion of the payment allowance. For loaded miles 1-17, the rural adjustment for ground mileage is 1.5 times the rural mileage allowance.

For services furnished during the period July 1, 2004 through December 31, 2008, a 25 percent increase is applied to the appropriate ambulance FS mileage rate to each mile of a transport (both urban and rural POP) that exceeds 50 miles (i.e., mile 51 and greater).

The following chart summarizes the above information:

Service	Dates of Service	Bonus	Calculation
Loaded miles 1-17, Rural POP	Beginning 4/1/02	50%	FS Rural mileage * 1.5
Loaded miles 18-50, Rural POP	4/1/02 – 12/31/03	25%	FS Rural mileage * 1.25
All loaded miles (Urban or Rural POP) 51+	7/1/04 – 12/31/08	25%	FS Urban or Rural mileage * 1.25

The POP, as identified by ZIP Code, establishes whether a rural adjustment applies to a particular service. Each leg of a multi-leg transport is separately evaluated for a rural adjustment application. Thus, for the second (or any subsequent) leg of a transport, the ZIP Code of the POP establishes whether a rural adjustment applies to such second (or subsequent) transport.

For the purpose of all categories of ground ambulance services except paramedic intercept, a rural area is defined as a U.S. Postal Service (USPS) ZIP Code that is located, in whole or in part, outside of either a Metropolitan Statistical Area (MSA) or in New England, a New England County Metropolitan Area (NECMA), or is an area wholly within an MSA or NECMA that has

been identified as rural under the "Goldsmith modification." (The Goldsmith modification establishes an operational definition of rural areas within large counties that contain one or more metropolitan areas. The Goldsmith areas are so isolated by distance or physical features that they are more rural than urban in character and lack easy geographic access to health services.)

For Paramedic Intercept, an area is a rural area if:

- It is designated as a rural area by any law or regulation of a State;
- It is located outside of an MSA or NECMA; or
- It is located in a rural census tract of an MSA as determined under the most recent Goldsmith modification.

See IOM Pub. 100-02, Medicare Benefit Policy Manual, chapter 10 – Ambulance Services, section 30.1.1 – Ground Ambulance Services for coverage requirements for the Paramedic Intercept benefit. Presently, only the State of New York meets these requirements.

Although a transport with a POP located in a rural area is subject to a rural adjustment for mileage, Medicare still pays the lesser of the billed charge or the applicable FS amount for mileage. Thus, when rural mileage is involved, the contractor compares the calculated FS rural mileage payment rate to the provider's/supplier's actual charge for mileage and pays the lesser amount.

The CMS furnishes the ambulance FS files to claims processing contractors electronically. A version of the Ambulance Fee Schedule is also posted to the CMS website (http://www.cms.hhs.gov/AmbulanceFeeSchedule/02_afspuf.asp) for public consumption. To clarify whether a particular ZIP Code is rural or urban, please refer to the most recent version of the Medicare supplied ZIP Code file.

6. Regional Ambulance FS Payment Rate Floor for Ground Ambulance Transports

For services furnished during the period July 1, 2004 through December 31, 2009, the base rate portion of the payment under the ambulance FS for ground ambulance transports is subject to a minimum amount. This minimum amount depends upon the area of the country in which the service is furnished. The country is divided into 9 census divisions and each of the census divisions has a regional FS that is constructed using the same methodology as the national FS. Where the regional FS is greater than the national FS, the base rates for ground ambulance transports are determined by a blend of the national rate and the regional rate in accordance with the following schedule:

Year	**National FS Percentage**	**Regional FS Percentage**
7/1/04 - 12/31/04	20%	80%
CY 2005	40%	60%

Year	National FS Percentage	Regional FS Percentage
CY 2006	60%	40%
CY 2007 – CY 2009	80%	20%
CY 2010 and thereafter	100%	0%

Where the regional FS is not greater than the national FS, there is no blending and only the national FS applies. Note that this provision affects only the FS portion of the blended transition payment rate. This floor amount is calculated by CMS centrally and is incorporated into the FS amount that appears in the FS file maintained by CMS and downloaded by CMS contractors. There is no calculation to be done by the Medicare B/MAC or A/MAC in order to implement this provision.

7. Adjustments for FS Payment Rate for Certain Rural Ground Ambulance Transports

For services furnished during the period July 1, 2004 through December 31, 2010, the base rate portion of the payment under the FS for ground ambulance transports furnished in certain rural areas is increased by a percentage amount determined by CMS . *Section 3105 (c) and 10311 (c) of the Affordable Care Act amended section 1834 (1) (13) (A) of the Act to extend this rural bonus for an additional year through December 31, 2010.* This increase applies if the POP is in a rural county (or Goldsmith area) that is comprised by the lowest quartile by population of all such rural areas arrayed by population density. CMS will determine this bonus amount and the designated POP rural ZIP Codes in which the bonus applies. Beginning on July 1, 2004, rural areas qualifying for the additional bonus amount will be identified with a "B" indicator on the national ZIP Code file. Contractors must apply the additional rural bonus amount as a multiplier to the base rate portion of the FS payment for all ground transports originating in the designated POP ZIP Codes.

Subsequently, section of 106 (c) of the MMEA again amended section 1843 (l) (13) (A) of the Act to extend the rural bonus an additional year, through December 31, 2011.

8. Adjustments for FS Payment Rates for Ground Ambulance Transports

The payment rates under the FS for ground ambulance transports (both the fee schedule base rates and the mileage amounts) are increased for services furnished during the period July 1, 2004 through December 31, 2006 as well as July 1, 2008 through December 31, 2010. For ground ambulance transport services furnished where the POP is urban, the rates are increased by 1 percent for claims with dates of service July 1, 2004 through December 31, 2006 in accordance with Section 414 of the Medicare Modernization Act (MMA) of 2004 and by 2 percent for claims with dates of service July 1, 2008 through December 31, 2010 in accordance with Section 146(a) of the Medicare Improvements for Patients and Providers Act of 2008 and Sections 3105(a) and 10311(a) of the Patient Protection and Affordable Care Act (ACA) of

2010. For ground ambulance transport services furnished where the POP is rural, the rates are increased by 2 percent for claims with dates of service July 1, 2004 through December 31, 2006 in accordance with Section 414 of the Medicare Modernization Act (MMA) of 2004 and by 3 percent for claims with dates of service July 1, 2008 through December 31, 2010 in accordance with Section 146(a) of the Medicare Improvements for Patients and Providers Act of 2008 and Sections 3105(a) and 10311(a) of the Patient Protection and Affordable Care Act (ACA) of 2010. *Subsequently, section 106 (a) of the Medicare and Medicaid Extenders Act of 2010 (MMEA) again amended section 1834 (1) (12) (A) of the Act to extend the payment increases for an additional year, through December 31, 2011.* These amounts are incorporated into the fee schedule amounts that appear in the Ambulance FS file maintained by CMS and downloaded by CMS contractors. There is no calculation to be done by the Medicare carrier or intermediary in order to implement this provision.

The following chart summarizes the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 payment changes for ground ambulance services that became effective on July 1, 2004 as well as the Medicare Improvement for Patients and Providers Act (MIPPA) of 2008 changes that became effective July 1, 2008 and were extended by the Patient Protection and Affordable Care Act of 2010 *and the Medicare and Medicaid Extenders Act of 2010 (MMEA).*

Summary Chart of Additional Payments for Ground Ambulance Services Provided by MMA, MIPPA *and MMEA*

Service	**Effective Dates**	**Payment Increase***
All rural miles	7/1/04 - 12/31/06	2%
All rural miles	7/1/08 – 12/31/1*1*	3%
Rural miles 51+	7/1/04 - 12/31/08	25% **
All urban miles	7/1/04 - 12/31/06	1%
All urban miles	7/1/08 – 12/31/1*1*	2%
Urban miles 51+	7/1/04 - 12/31/08	25% **
All rural base rates	7/1/04 - 12/31/06	2%
All rural base rates	7/1/08 – 12/31/1*1*	3%
Rural base rates (lowest quartile)	7/1/04 - 12/31/1*1*	22.6 %**
All urban base rates	7/1/04 - 12/31/06	1%

Service	Effective Dates	Payment Increase*
All urban base rates	7/1/08 – 12/31/11	2%
All base rates (regional fee schedule blend)	7/1/04 - 12/31/09	Floor

NOTES: * All payments are percentage increases and all are cumulative.

****Contractor systems perform this calculation. All other increases are incorporated into the CMS Medicare Ambulance FS file.

B. Air Ambulance Services

1. Base Rates

Each type of air ambulance service has a base rate. There is no conversion factor (CF) applicable to air ambulance services.

2. Geographic Adjustment Factor (GAF)

The GAF, as described above for ground ambulance services, is also used for air ambulance services. However, for air ambulance services, the applicable GPCI is applied to 50 percent of each of the base rates (fixed and rotary wing).

3. Mileage

The FS for air ambulance services provides a separate payment for mileage.

4. Adjustment for Services Furnished in Rural Areas

The payment rates for air ambulance services where the POP is in a rural area are greater than in an urban area. For air ambulance services (fixed or rotary wing), the rural adjustment is an increase of 50 percent to the unadjusted FS amount, e.g., the applicable air service base rate multiplied by the GAF plus the mileage amount or, in other words, 1.5 times both the applicable air service base rate and the total mileage amount.

The basis for a rural adjustment for air ambulance services is determined in the same manner as for ground services. That is, whether the POP is within a rural ZIP Code as described above for ground services.