
Program Memorandum Intermediaries/Carriers

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Transmittal AB-03-110

Date: AUGUST 1, 2003

CHANGE REQUEST 2767

SUBJECT: Adjustment to the Rural Mileage Payment Rate for Ground Ambulance Services

I. GENERAL INFORMATION

A. Background:

Section 4531 (b) (2) of the Balanced Budget Act (BBA) of 1997 added a new section 1834 (1) to the Social Security Act which mandates implementation of a national fee schedule for ambulance services furnished as a benefit under Medicare Part B. On April 1, 2002, CMS implemented a new fee schedule that applies to all ambulance services, including volunteer, municipal, private, independent, and institutional providers, i.e., hospitals, critical access hospitals, and skilled nursing facilities. The 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 Program Memoranda (PM), 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 the reasonable charge system for ambulance suppliers.

The Ambulance Fee Schedule payment includes a rural adjustment to take into consideration the regional and operational variances in the cost of providing services in different areas of the country. For ground services furnished in rural areas, a 50 percent increase is applied to the mileage rate for each of the first 17 miles. The Benefits Improvement Protection Act of 2000 (BIPA) §221 includes a provision to provide additional assistance for providers/suppliers of ambulance services operating in rural areas by increasing payments to providers/suppliers of ground services for trips that are greater than 17 miles and up to 50 miles. To implement this provision of the BIPA, a 25 percent increase is applied to the Ambulance Fee Schedule mileage rate for each mile between 18 and 50, inclusive. This payment adjustment is applied to claims for ground ambulance services originating in rural areas that are furnished on or after April 1, 2002, and before January 1, 2004. This PM notifies intermediaries and carriers that, effective January 1, 2004, the payment rate for ground ambulance miles 18 to 50, inclusive, will be equivalent to the urban mileage rate with no bonus amount added for ground ambulance services provided in rural areas.

B. Policy:

Effective January 1, 2004, the mileage rate for ground ambulance services originating in rural areas remains 150 percent of the urban mileage rate for the first 17 miles; the payment rate for ground ambulance miles 18 to 50, inclusive, will be equivalent to the urban mileage rate with no rural adjustment. The new payment rate for ground ambulance miles applies to all ground ambulance service claims with dates of service on or after January 1, 2004.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2767.1	Intermediaries and carriers shall pay the urban rate for ground ambulance miles 18 to 50, inclusive, for all ambulance service claims with dates of service on or after January 1, 2004, including claims for ground ambulance services originating in rural areas.	Intermediaries/ Carriers
2767.2	For rural ground ambulance service claims with dates of service between April 1, 2002, and December 31, 2003, intermediaries and carriers shall continue to apply a 25 percent increase to the urban mileage rate for miles 18 through 50.	Intermediaries/ Carriers
2767.3	<p>Intermediaries and carriers shall notify providers and suppliers on their Web sites, through any listserv(s), and in their regularly scheduled bulletin of the following information concerning the mileage amount for ground ambulance services provided in rural areas:</p> <ul style="list-style-type: none"> • The Ambulance Fee Schedule payment includes a rural adjustment to take into consideration the regional and operational variances in the cost of providing services in different areas of the country. • Effective January 1, 2004, the mileage rate for ground ambulance services originating in rural areas remains 150 percent of the urban mileage rate for the first 17 miles; the payment rate for ground ambulance miles 18 to 50, inclusive, will be equivalent to the urban mileage rate with no rural adjustment. The new payment rate for ground ambulance miles applies to all ground ambulance service claims with dates of service on or after January 1, 2004. 	Intermediaries/ Carriers

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

B. Design Considerations: N/A

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

Version: June 27, 2003	Effective Date: January 1, 2004
Implementation Date: January 1, 2004	Funding: These instructions should be implemented within your current operating budget.
Discard Date: January 1, 2005	
Post-Implementation Contact: For intermediary issues, contact Nicole Atkins at (410) 786-8278.	
For carrier issues, contact Susan Webster at (410) 786-3384.	