

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1375	Date: NOVEMBER 9, 2007
	Change Request 5801

SUBJECT: Ambulance Inflation Factor for CY 2008

I. SUMMARY OF CHANGES: This Change Request provides the Ambulance Inflation Factor (AIF) for CY 2008 to CMS contractors.

New / Revised Material

Effective Date: January 1, 2008

Implementation Date: January 7, 2008

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-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	15/20.6.1/Ambulance Inflation Factor (AIF)

III. FUNDING:

SECTION A: For Fiscal Intermediaries and 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.

IV. ATTACHMENTS:

Recurring Update Notification

Manual Instruction

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1375	Date: November 9, 2007	Change Request: 5801
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SUBJECT: Ambulance Inflation Factor for CY 2008

Effective Date: January 1, 2008

Implementation Date: January 7, 2008

I. GENERAL INFORMATION

A. Background: This document furnishes you with the CY 2008 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by section 1834(l)(3)(B) of the Social Security Act (the Act).

Section 1834(l) (3) (B) of the Act provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2008 that 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 resulting percentage is referred to as the AIF.

The national fee schedule for ambulance services has been phased in over a five-year transition period beginning April 1, 2002. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) also established that for ambulance services furnished during the period July 1, 2004 through December 31, 2009, the ground ambulance base rate is subject to a floor amount, which is determined by establishing nine fee schedules based on each of the nine census divisions, and using the same methodology as was used to establish the national fee schedule. If the regional fee schedule methodology for a given census division results in an amount that is lower than the national ground base rate, then it is not used, and the national fee schedule amount applies for all providers and suppliers in the census division. If the regional fee schedule methodology for a given census division results in an amount that is greater than the national ground base rate, then the fee schedule portion of the base rate for that census division is equal to a blend of the national rate and the regional rate. For CY 2008, this blend would be 20 percent regional ground base rate and 80 percent national ground base rate. Prior to January 1, 2006, during the transition period, the AIF was applied to both the fee schedule portion of the blended payment amount (both national and regional (if it applied)) and to the reasonable cost or charge portion of the blended payment amount separately, respectively, for each ambulance provider or supplier. Then, these two amounts were added together to determine the total payment amount for each provider or supplier. As of January 1, 2006, the total payment amount for air ambulance providers and suppliers is based on 100 percent of the national ambulance fee schedule. As of January 1, 2008, the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 80 percent of the national ambulance fee schedule and 20 percent of the regional ambulance fee schedule, whichever is greater.

B. Policy: This transmittal manualizes the AIF so that Medicare contractors can accurately determine payment amounts for ambulance services.

The AIF for calendar year 2008 is 2.7 percent. Part B coinsurance and deductible requirements apply. The 2008 ambulance fee schedule file is available upon publication of the change request (CR). It may be retrieved at any time and will reside indefinitely for your access. It may be updated with each quarterly Common Working File (CWF) update.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
							5801.1	Contractors shall use the CY 2008 AIF for determining the payment limit on claims for ambulance services furnished on or after January 1, 2008.	X		
5801.2	The 2008 ambulance fee schedule file shall be immediately available and be downloaded and the contractors shall process 2008 ambulance service claims. The address for the file is as follows: MU00. @AAA2390.AMBFS.FINAL.V71 .	X		X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
							5801.3	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 1 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		

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Roechel Kujawa, roechel.kujawa@cms.hhs.gov or on 410-786-9111

Post-Implementation Contact(s): Roechel Kujawa, roechel.kujawa@cms.hhs.gov or on 410-786-9111

VI. FUNDING

A. For Fiscal Intermediaries and Carrier, use the following statement:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

B. For Medicare Administrative Contractors (MAC), use the following statement:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.

20.6.1 - Ambulance Inflation Factor (AIF)

(Rev. 1375, Issued: 11-09-07, Effective: 01-01-08, Implementation: 01-07-08)

Section 1834(l)(3)(B) of the Social Security Act (the Act) provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2008 that 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 resulting percentage is referred to as the AIF.

The national fee schedule for ambulance services has been phased in over a 5-year transition period beginning April 1, 2002. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) also established that for ambulance services furnished during the period July 1, 2004, through December 31, 2009, the ground ambulance base rate is subject to a floor amount, which is determined by establishing nine fee schedules based on each of the nine census divisions, and using the same methodology as was used to establish the national fee schedule. If the regional fee schedule methodology for a given census division results in an amount that is lower than the national ground base rate, then it is not used, and the national fee schedule amount applies for all providers and suppliers in the census division. If the regional fee schedule methodology for a given census division results in an amount that is greater than the national ground base rate, then the fee schedule portion of the base rate for that census division is equal to a blend of the national rate and the regional rate. For CY 2008, this blend would be 20 percent regional ground base rate and 80 percent national ground base rate. Prior to January 1, 2006, during the transition period, the AIF was applied to both the fee schedule portion of the blended payment amount (both national and regional (if it applied)) and to the reasonable cost or charge portion of the blended payment amount separately, respectively, for each ambulance provider or supplier. Then, these two amounts were added together to determine the total payment amount for each provider or supplier. As of January 1, 2006, the total payment amount for air ambulance providers and suppliers is based on 100 percent of the national ambulance fee schedule. As of January 1, 2008, the total payment amount for ground ambulance providers and suppliers will be based on either 100 percent of the national ambulance fee schedule or 80 percent of the national ambulance fee schedule, and 20 percent of the regional ambulance fee schedule, whichever is greater.

The AIF for calendar year 2008 is **2.7 percent**. Part B coinsurance and deductible requirements apply. The 2008 ambulance fee schedule file is available upon publication of the Change Request (CR). It may be retrieved at any time and will reside indefinitely for your access. It may be updated with each quarterly Common Working File (CWF) update. The address for the file is as follows:

MU00.@AAA2390.AMBFS.FINAL.V71

Following is a chart tracking the history of the AIF:

<u>AIF</u>	<u>CY</u>
1.1	2003
2.1	2004
3.3	2005
2.5	2006
4.3	2007
2.7	2008