

TO: All Providers Furnishing Ambulance Services
FROM: CareFirst of Maryland, Inc. – Medicare Part A
DATE: August 11, 2003
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 bulletin 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.

The *effective date* and *implementation date* for this bulletin is January 1, 2004.

(Source: Program Memorandum AB-03-110; Change Request 2767)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT www.marylandmedicare.com.