

**To:** All Providers  
**From:** CareFirst of Maryland, Inc.  
**Date:** January 5, 2004  
**Subject:** 2004 Ambulance Inflation Factor (AIF)

## **I. GENERAL INFORMATION**

### **A. Background:**

This bulletin furnishes you with the 2004 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by §1834(l) of the Social Security Act (the Act).

### **B. Policy:**

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

#### ***20.6.1 – Ambulance Inflation Factor (AIF) (Rev 56, 12-24-03)***

*Section 1834(l)(3)(A) of the Act provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2004 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. During the transition period, the AIF is applied to both the fee schedule portion of the blended payment amount (incorporated in the ambulance fee schedule file), and to the reasonable charge/cost portion of the blended payment amount separately for each ambulance provider/supplier. Then, these two amounts are added together to determine the total payment amount for each provider/supplier. The blending percentages used to combine these two components of the payment amounts for ambulance services for CY 2004 are 40 percent of the reasonable charge/cost and 60 percent of the ambulance fee schedule. The AIF for calendar year 2004 is **2.1 percent**. The blending percentages used to combine the two components of the payment amounts for ambulance services for CY 2004 are **40 percent** of the reasonable charge/cost and **60 percent** of the ambulance fee schedule. Part B coinsurance and deductible requirements apply.*

The effective date for this change is January 1, 2004. The implementation date is January 5, 2004.

(Source: Publication 100-04, Transmittal 56, Change Request 3000 available at [http://www.cms.gov/manuals/pm\\_trans/R56CP.pdf](http://www.cms.gov/manuals/pm_trans/R56CP.pdf))

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](http://www.marylandmedicare.com).