

**To: All Providers**  
**From: CareFirst of Maryland, Inc. – Medicare Part A**  
**Date: October 2, 2003**  
**Subject: Reminder Notice of the Implementation of the Ambulance Transition Schedule**

**BACKGROUND:**

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 was effective for claims with dates of services on or after April 1, 2002. Under the fee schedule, ambulance services covered under Medicare will be paid based on the lower of the actual billed amount or the ambulance fee schedule amount.

As discussed in previous bulletins, 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.

This bulletin is a reminder that the transition schedule and percentages updates effective each January 1 of 2004, 2005, and 2006.

**POLICY:**

The ambulance fee schedule is subject to a 5-year transition period as follows:

<u>Year</u>	<u>Fee Schedule Percentage</u>	<u>Cost/Charge Percentage</u>
Year 1 (4/1/02 – 12/31/02)*	20%	80%
Year 2 (CY 2003)*	40%	60%
Year 3 (CY 2004)	60%	40%
Year 4 (CY 2005)	80%	20%
Year 5 (CY 2006 and thereafter)	100%	0%

\* Previous and current year percentages

The foregoing schedule signifies that, during the transition schedule, the Medicare allowed amount for ambulance services, mileage, and separately billable supplies will comprise a blended rate. The blended rate will include a portion of the fee schedule, and a portion of the provider's reasonable cost or the supplier's reasonable charge. (For providers billing ambulance services to FIs, all supplies and services rendered are considered part of the base rate and are not separately billable under the ambulance fee schedule. For Part B suppliers billing ambulance services, separately billable supplies may be billed, depending on the supplier's billing method.)

During Year 1, the fee schedule amount was comprised of only 20 percent of the blended amount and the remaining 80 percent of the blended amount was based on the provider's reasonable cost or the supplier's reasonable charge. During Year 2, the fee schedule amount was comprised of 40 percent of the blended amount and the provider's reasonable cost or the supplier's reasonable charge was comprised of the remaining 60 percent. During Year 3, the fee schedule amount will comprise 60 percent of the blended amount and the provider's reasonable cost or the supplier's reasonable charge will comprise the remaining 40 percent. During Year 4, the fee schedule amount will comprise 80 percent of the blended amount and the provider's reasonable cost or the supplier's reasonable charge will comprise the remaining 20 percent. Beginning with Year 5, i.e., for services and supplies furnished, and mileage incurred, beginning January 1, 2006, and each year thereafter, the full fee schedule comprises the entire Medicare allowed amount and no portion of the provider's reasonable cost or the supplier's reasonable charge shall be considered.

To view the CMS issued Memorandum in its entirety please visit [http://www.cms.gov/manuals/pm\\_trans/AB03146.pdf](http://www.cms.gov/manuals/pm_trans/AB03146.pdf)

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

(Source: Program Memorandum AB-03-146; Change Request 2834)

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)