



Medicare: Today's Issue
June 30, 2004

BETTER BENEFITS – MORE CHOICES

*Good News about the Medicare Prescription Drug, Improvement
and Modernization Act of 2003!*

New Medicare Modernization Act Provisions Boost Payments for Ambulance Services

- ❖ An interim final rule was released today by the Centers for Medicare and Medicaid Services (CMS) with comment period that will **increase Medicare payments to ambulance services by \$840 million between July 2004 and December 31, 2009**. The rule, which **implements the ambulance provisions contained in Section 414 of the Medicare Modernization Act of 2003 (MMA)** will **benefit both hospital-based providers and freestanding suppliers of ground ambulance services** to Medicare beneficiaries.
- ❖ The provisions **help to ensure that all beneficiaries continue to have access to medically necessary ground ambulance services**. As they transition to a national fee schedule, which went into effect on April 1, 2002, the **ambulance services will receive temporary additional funding through these provisions**. Prior to the fee schedule, ambulances operated by providers (hospitals, skilled nursing facilities, and home health agencies) were paid on a reasonable cost basis, while freestanding ambulance services were paid reasonable charges.
- ❖ **All ground ambulance services will benefit** from the new rule, which **provides urban ambulance services with a 1 percent increase** in payments, while **rural ambulances will receive a 2 percent increase**. This increase **applies to services furnished between July 1, 2004 and December 31, 2006**. In addition, for services rendered between July 1, 2004 and December 31, 2008, both **urban and rural ambulances will receive a 25 percent increase in their mileage rates for all miles greater than the 50th mile while carrying a beneficiary**.
- ❖ The interim final rule also contains a provision designed specifically to ease the transition to the national fee schedule. **CMS is establishing nine regions for the purposes of the fee schedule**. For each region, **CMS will establish a floor amount for the ground ambulance base rate**. This floor will not result in decreased payment rates for any area of the country, but **for ambulances in the five regions that would have been paid at lower rates in the absence of the floor, the regional fee schedule will increase payments by as much as 38.6 percent**. This provision will be effective for services furnished between July 1, 2004 and December 31, 2009.
- ❖ Finally, the interim final rule **implements a “super-rural bonus,” that expressly benefits the most rural areas for services furnished between July 1, 2004 and December 31, 2009**. This bonus **will increase the base rate by 22.6 percent where the ambulance transport originates in a rural area determined by the Secretary to be in the lowest 25th percentile of all rural populations arrayed by population density**.

- ❖ **Improving payments for all ground ambulance services, the new rule also helps to ensure the continued viability of ambulance services in rural areas as they transition to the national fee schedule.** The temporary payment provisions do not apply to air ambulance services, which are also paid under the national ambulance fee schedule.

- ❖ **On July 1, the interim final rule** with comment period will be **published in the *Federal Register* and will become effective immediately.** Comments will be accepted until August 30, and a final rule responding to those comments will be published at a later date. Additional information about the rule can be found at www.cms.hhs.gov/suppliers/ambulance.