CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1677	**Date: FEBRUARY 13, 2009**
	Change Request 6327

SUBJECT: Shipboard Services Billed to the Carrier and Services Not Provided Within the United States. This CR rescinds and fully replaces CR 6217.

I. SUMMARY OF CHANGES: Pub. 100-04, chapter 1, section 10.1.4.7 of the Internet Only Manual currently states that services furnished by a physician or supplier in U.S. territorial waters must be furnished on board vessels of American registry and that the physician must be registered with the Coast Guard in order for Medicare to make payment. However, section 10.1.4.7 of the manual is not consistent with Medicare law. Therefore, because section 10.1.4.7 of the manual is not consistent with Medicare law, CMS is clarifying that manual section in order to make it consistent with current Medicare law by removing the language that states the vessels must be of American registry and the physician must be registered with the Coast Guard.

CMS is also clarifying in Pub. 100-04, chapter 1, sections 10.1.4, and 10.1.4.1 and chapter 3, section 110.1 and in Pub. 100-02, chapter 16, section 60 that physician and ambulance services furnished in connection with a covered foreign hospitalization are covered.

New / Revised Material
Effective Date: March 13, 2009
Implementation Date: March 13, 2009

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

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	1/10.1.4/Services Received by Medicare Beneficiaries Outside the United States
R	1/10.1.4.1/Physician and Ambulance Services Furnished in Connection With Covered Foreign Inpatient Hospital Services
R	1/10.1.4.7/Shipboard Services Billed to the Carrier
R	3/110.1/Services Rendered in Nonparticipating Providers

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:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1677	Date: February 13, 2009	Change Request: 6327

SUBJECT: Shipboard Services Billed to the Carrier and Services Not Provided Within the United States. This CR rescinds and fully replaces CR 6217.

Effective Date: March 13, 2009

Implementation Date: March 13, 2009

I. GENERAL INFORMATION

A. Background: Medicare law (i.e., Section 1862(a)(4) of the Social Security Act ("the Act")) prohibits payment for items and services furnished outside the United States except for certain limited services (see Section 1814(f) of the Act). The term "United States" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa and, for purposes of services rendered on a ship, includes the territorial waters adjoining the land areas of the United States.

The law specifies the following exceptions to the "foreign" exclusion:

1. inpatient hospital services for treatment of an emergency in a foreign hospital that is closer to, or more accessible from, the place the emergency arose than the nearest U.S. hospital that is adequately equipped and available to deal with the emergency, provided either of the following conditions exist:

    a. the emergency arose within the U.S.; or
    b. the emergency arose in Canada while the individual was traveling, by the most direct route and without unreasonable delay between Alaska and another State

2. inpatient hospital services at a foreign hospital that is closer to, or more accessible from, the individual's residence within the U.S. than the nearest U.S. hospital that is adequately equipped and available to treat the individual's condition, whether or not an emergency exists.

3. physician and ambulance services in connection with, and during, a foreign inpatient hospital stay that is covered in accordance with (1) or (2) above.

B. Policy: Pub. 100-04, chapter 1, section 10.1.4.7 of the Internet Only Manual currently states that services furnished by a physician or supplier in U.S. territorial waters must be furnished on board vessels of American registry and that the physician must be registered with the Coast Guard in order for Medicare to make payment. However, section 10.1.4.7 of the manual is not consistent with Medicare law. Therefore, because section 10.1.4.7 of the manual is not consistent with Medicare law, CMS is clarifying that manual section in order to make it consistent with current Medicare law by removing the language that states the vessels must be of American registry and the physician must be registered with the Coast Guard.

CMS is also clarifying in Pub. 100-04, chapter 1, sections 10.1.4, and 10.1.4.1 and chapter 3, section 110.1 and in Pub. 100-02, chapter 16, section 60 that physician and ambulance services furnished in connection with a covered foreign hospitalization are covered. The term "and during a period of" covered foreign hospitalization implies that only physician and ambulance services that are furnished during the period of

the covered foreign hospitalization are covered (i.e., the period after the beneficiary has been admitted to the foreign hospital), when, in fact, the emergency physician and ambulance services are covered both during the time period immediately before the beneficiary is actually admitted to the foreign hospital and during the covered foreign hospitalization itself. In other words, if the foreign hospitalization is covered by Medicare, then the emergency physician and ambulance services that are furnished during the time period that immediately precedes the covered foreign hospitalization are also covered. Therefore, the term "and during a period of" covered foreign hospitalization was removed in order to clarify that policy in the manual.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6327.1	Medicare contractors/carriers shall make payment for emergency and non-emergency services furnished by a physician or supplier aboard a vessel when the ship is within the territorial waters of the United States.	X		X	X						
6327.2	Medicare contractors/carriers shall make payment for emergency services furnished by a physician or supplier aboard a vessel when the services are rendered while the ship is within the territorial waters of Canada (while the individual was traveling, by the most direct route and without unreasonable delay between Alaska and another State) and the emergency services are furnished in connection with a covered foreign hospitalization in Canada.	X		X	X						
6327.3	Medicare contractors/carriers shall use the new Medicare Summary Notice message (16.240) as outlined in Pub. 100-04, chapter 1, section 10.1.4.7 in shipboard service situations.	X		X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6327.4	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		X	X						

IV. SUPPORTING INFORMATION

Section 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:

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

V. CONTACTS

Pre-Implementation Contact(s): Fred Grabau 410-786-0206

Post-Implementation Contact(s): Fred Grabau 410-786-0206

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *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.

10.1.4 - Services Received by Medicare Beneficiaries Outside the United States

(Rev. 1677; Issued: 02-13-09; Effective/Implementation Date: 03-13-09)

Items and services furnished outside the United States are excluded from coverage except for the following services, and certain services rendered on board a ship:

- Emergency inpatient hospital services where the emergency occurred:
    - While the beneficiary was physically present in the United States; or
    - In Canada while the beneficiary was traveling without reasonable delay and by the most direct route between Alaska and another State.

See chapter 3, Inpatient Hospital Billing, Section 110 for a description of claims processing procedures.

- Emergency or nonemergency inpatient hospital services furnished by a hospital located outside the United States, if the hospital was closer to, or substantially more accessible from, the beneficiary's United States residence than the nearest participating United States hospital that was adequately equipped to deal with, and available to provide treatment for the illness or injury (see Chapter 3, Inpatient Hospital Billing, Section 110 for a description of claims processing procedures);

- Physician and ambulance services furnished in connection with *a* covered foreign hospitalization. Program payment may not be made for any other Part B medical and other health services, including outpatient services furnished outside the United States (see Chapter 1, General Billing Requirements, Section 10.1.4.1, for a description of claims processing procedures);

- Services rendered on board a ship in a United States port, or within 6 hours of when the ship arrived at, or departed from, a United States port, are considered to have been furnished in United States territorial waters. Services not furnished in a United States port, or within 6 hours of when the ship arrived at, or departed from, a United States port, are considered to have been furnished outside United States territorial waters, even if the ship is of United States registry (see Chapter 1, General Billing Requirements, Section 10.1.4.7, for a description of claims processing procedures).

The term "United States" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa and, for purposes of services rendered on a ship, includes the territorial waters adjoining the land areas of the United States.

A hospital that is not physically situated in one of the above jurisdictions is considered to be outside the United States, even if it is owned or operated by the United States Government.

Payment may not be made for any item provided or delivered to the beneficiary outside the United States, even though the beneficiary may have contracted to purchase the item while he or she was within the United States or purchased the item from an American firm.

Under the Railroad Retirement Act, payment is made to qualified Railroad Retirement beneficiaries (QRRBs) by the RRB for covered hospital services furnished in Canadian hospitals as well as in the U.S. Physician and ambulance services are not covered by the Railroad Retirement Act; however, under an agreement between CMS and RRB, if the QRRB claims payment for Part B services in connection with Canadian hospitalization, RRB processes the Part B claim. In such cases the RRB determines:

- Whether the requirements are met for the inpatient services; and
- Whether the physician and/or ambulance services were furnished in connection with the services.

Services for an individual who has elected religious nonmedical health care status may be covered if the above requirements are met but this revokes the religious nonmedical health care institution election.

10.1.4.1 - Physician and Ambulance Services Furnished in Connection With Covered Foreign Inpatient Hospital Services

(Rev. 1677; Issued: 02-13-09; Effective/Implementation Date: 03-13-09)

Payment is made for necessary physician and ambulance services that meet the other coverage requirements of the Medicare program, and are furnished in connection with *a* covered foreign hospitalization.

A. Coverage of Physician and Ambulance Services Furnished Outside the U.S.

Where inpatient services in a foreign hospital are covered, payment may also be made for:

- Physicians' services furnished to the beneficiary while he/she is an inpatient,
- Physicians' services furnished to the beneficiary outside the hospital on the day of his/her admission as an inpatient, provided the services were for the same condition for which the beneficiary was hospitalized (including the services of a physician who furnishes emergency services in Canadian waters on the day the patient is admitted to a Canadian hospital for a covered emergency stay) and,

- Ambulance services, where necessary, for the trip to the hospital in conjunction with the beneficiary's admission as an inpatient. Return trips from a foreign hospital are not covered.

In cases involving foreign ambulance services, the general requirements in chapter 15 are also applicable, subject to the following special rules:

- If the foreign hospitalization was determined to be covered on the basis of emergency services, the medical necessity requirements outlined in chapter 15 are considered met.

- The definition of "physician," for purposes of coverage of services furnished outside the U.S., is expanded to include a foreign practitioner, provided the practitioner is legally licensed to practice in the country in which the services are furnished.

- Only the enrollee can file for Part B benefits; the assignment method may not be used.

- Where the enrollee is deceased, the rules for settling Part B underpayments are applicable. Payment is made to the foreign physician or foreign ambulance company on an unpaid bill provided the physician or ambulance company accepts the payment as the full charge for the service, or payment *c*an be made to a person who has agreed to assume legal liability to pay the physician or supplier. Where the bill is paid, payment may be made in accordance with Medicare regulations. The regular deductible and coinsurance requirements apply to physicians' and ambulance services furnished outside the U.S.

10.1.4.7 - Shipboard Services Billed to the Carrier

(Rev. 1677; Issued: 02-13-09; Effective/Implementation Date: 03-13-09)

The following services furnished aboard a vessel are covered:

- *Emergency and nonemergency services furnished by a physician or supplier aboard a vessel are covered when the ship is within the territorial waters of the United States. If the emergency or nonemergency services were furnished within the territorial waters of the United States and the physician or supplier refuses to submit the claim on the beneficiary's behalf (or enroll in Medicare, if applicable), then the contractor must follow the compliance monitoring instructions outlined at Pub. 100-04, chapter 1, section 70.8.8.6B because these claims are not processed as foreign claims.*

- *Emergency services furnished by a physician or supplier aboard a vessel are covered when the services are rendered while the ship is within the territorial waters of Canada (while the individual was traveling, by the most direct route and without unreasonable delay between Alaska and another State) and the*

emergency services are furnished in connection with a covered foreign hospitalization in Canada. The compliance monitoring instructions outlined at Pub. 100-04, chapter 1, section 70.8.8.6B do not apply to these claims because they are processed as foreign claims.

See section 10.1.4 for the definitions of "territorial waters" and "United States."

Jurisdiction of claims for shipboard services is determined by the following rules:

A. Ship Physician's Office is in the United States.

The carrier serving the physician's office in the United States always has jurisdiction. The physician's office can include the home office of the shipping line in the United States if the physician customarily bills from that office.

B. Ship Physician's Office is Outside of the United States.

When the physician's office is outside of the United States, jurisdiction is determined as follows:

- The carrier serving the final port of debarkation has jurisdiction if the beneficiary's trip terminates in the United States;

- The carrier serving the port of embarkation has jurisdiction if the beneficiary's trip originates in the United States.

The carrier having jurisdiction for a claim for services performed aboard ship has jurisdiction for the entire claim regardless of whether the beneficiary's trip included territorial waters of more than one State or other United States entity or whether or not only portions of the claim may be paid.

MSN message:

16.240-
Medicare may pay for services that you get while on board a ship within the territorial waters of the United States. In rare cases, Medicare may pay for inpatient hospital, doctor, or ambulance services you get if you are traveling through the territorial waters of Canada without unreasonable delay by the most direct route between Alaska and another state when a medical emergency occurs and the Canadian hospital is closer than the nearest U.S. hospital that can treat the emergency. Medicare won't pay for this service since you didn't meet these requirements.

16.240-
Medicare puede pagar por los servicios que usted recibe, mientras esta a bordo de un barco, en aguas territoriales cercanas a los Estados Unidos. En muy pocos casos, Medicare podría pagar por los servicios de internación en el hospital, el médico o la

ambulancia si está viajando a través de Canadá sin causar demoras innecesarias por la ruta más directa entre Alaska y otro estado cuando una emergencia médica ocurre y el hospital de Canadá está más cerca que un hospital de Estados Unidos para tratar la situación de emergencia. Medicare no pagará por estos servicios, ya que no cumplió con este requisito.

110.1 - Services Rendered in Nonparticipating Providers

(Rev. 1677; Issued: 02-13-09; Effective/Implementation Date: 03-13-09)

A. Services in Nonparticipating Domestic Hospital

Payment may be made for certain Part A inpatient and Part B outpatient hospital services provided in a nonparticipating U.S. hospital where they are necessary to prevent the death or serious impairment of the health of the individual. Because of the threat to the life or health of the individual, the use of the most accessible hospital equipped to furnish such services is necessary. Items and services furnished in a domestic nonparticipating hospital may be reimbursed if the following apply:

- The hospital meets the definition of an emergency hospital. (See §110.*3*.)
- The services meet the definition of emergency services. (See §110.*2*.)
- The hospital is substantially more accessible from the site of the emergency than is the nearest participating hospital. (See §110.5.)

B. Beneficiary Services Outside United States

Items and services furnished outside the United States are excluded from coverage except for the following services, and certain services rendered on board a ship:

- Emergency inpatient hospital services where the emergency occurred:
    - While the beneficiary was physically present in the United States; or
    - In Canada while the beneficiary was traveling without reasonable delay and by the most direct route between Alaska and another State.

See §110 for a description of claims processing procedures.

- Emergency or nonemergency inpatient hospital services furnished by a hospital located outside the United States, if the hospital was closer to, or substantially more accessible from, the beneficiary's United States residence than the nearest participating United States hospital which was adequately equipped to deal with and available to provide treatment of the illness or injury (see §110 for a description of claims processing procedures);
- Physician and ambulance services furnished in connection with *a* covered foreign hospitalization. Program payment may not be made for any other Part B medical and other health services, including outpatient services furnished outside the United States (see Chapter 1, General Billing Requirements, §10.1.4.1 *of this manual* for a description of claims processing procedures);

- Services rendered on board a ship in a United States port, or within 6 hours of when the ship arrived at, or departed from, a United States port, are considered to have been furnished in United States territorial waters. Services not furnished in a United States port, or within 6 hours of when the ship arrived at, or departed from, a United States port, are considered to have been furnished outside United States territorial waters, even if the ship is of United States registry (see Chapter 1, General Billing Requirements, §10.1.4.7 for a description of claims processing procedures).

The term "United States" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa and, for purposes of services rendered on a ship, includes the territorial waters adjoining the land areas of the United States.

A hospital that is not physically situated in one of the above jurisdictions is considered to be outside the United States, even if it is owned or operated by the United States Government.

Payment may not be made for any item provided or delivered to the beneficiary outside the United States, even though the beneficiary may have contracted to purchase the item while they were within the United States or purchased the item from an American firm.

Under the Railroad Retirement Act, payment is made to qualified railroad retirement beneficiaries (QRRBs) by the RRB for covered hospital services furnished in Canadian hospitals as well as in the U.S. Physician and ambulance services are not covered by the Railroad Retirement Act; however, under an agreement between CMS and RRB, if the QRRB claims payment for Part B services in connection with Canadian hospitalization, RRB processes the Part B claim. In such cases the RRB determines:

- Whether the requirements are met for the inpatient services; and

- Whether the physician and/or ambulance services were furnished in connection with the services.

Services for an individual who has elected Religious Nonmedical Health Care status may be covered if the above requirements are met but this revokes the Religious Nonmedical Health Care Institution election.