

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2102	Date: November 19, 2010
	Change Request 7219

SUBJECT: Systems Changes Necessary to Implement "Technical Correction Related to Critical Access Hospital Services," Section 3128 of the Affordable Care Act, Pub. 111-148

I. SUMMARY OF CHANGES: This CR implements section 3128 of the Affordable Care Act, which increased payment for facility services for CAHs paid under the optional method from 100 percent of reasonable cost to 101 percent of reasonable cost and increased payment for ambulance services furnished by CAHs from 100 percent of reasonable cost to 101 percent of reasonable cost, effective for services furnished on and after January 1, 2004.

EFFECTIVE DATE: April 1, 2011

IMPLEMENTATION DATE: April 4, 2011

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/revise 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-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	4/250.5/Medicare Payment for Ambulance Services Furnished by Certain CAHs
R	15/30.2.3/Indian Health Service (IHS)/Tribal Billing
R	19/100.12/ A/B MAC - Ambulance Services
R	19/100.12.2/ A/B MAC-CAH Ambulance Services -Medicare Part B-Payment Policy

III. FUNDING:

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.

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: 2102	Date: November 19, 2010	Change Request: 7219
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SUBJECT: Systems Changes Necessary to Implement “Technical Correction Related to Critical Access Hospital Services,” Section 3128 of the Affordable Care Act, Pub. L. 111-148

Effective Date: April 1, 2011

Implementation Date: April 4, 2011

I. GENERAL INFORMATION

A. Background: CAHs can be paid for outpatient services using either the traditional method (also referred to as the standard method) or the optional method (also referred to as “method II”). Under the traditional method, the physician(s)/practitioner(s) is paid under the physician fee schedule for the professional service by the carrier or A/B MAC whereas under the optional method, the physician(s)/practitioner(s) reassigns his/her billing rights to the CAH and the CAH is paid 115 percent of the physician fee schedule amount for the professional service by the fiscal intermediary or A/B MAC. Prior to the enactment of section 3128 of Pub. L. 111-148, based on the statute, CAHs paid under the traditional method were to be paid at 101 percent of reasonable cost for the facility/technical component of the outpatient service and CAHs which elected the optional method, were to be paid at 100 percent of reasonable cost for the facility/technical component of the outpatient service. In regards to payment for CAH ambulance services, based on the statute, prior to the enactment of section 3128 of Pub. L. 111-148, CAHs were to be paid based on 100 percent of reasonable cost for ambulance services if those services are furnished by the CAH or an entity owned and operated by the CAH and there is no other supplier or provider of ambulance services within a 35 mile drive of the CAH or the entity.

B. Policy: In 2010, section 3128 of Pub. L. 111-148 amended section 1834(g)(2)(A) of the Social Security Act (the Act), which refers to payment for facility services under the optional method and section 1834(l)(8) of the Act, which refers to payment for ambulance services, by inserting "101 percent of" before "the reasonable costs." As a result, section 3128 increased payment for outpatient facility services paid under the optional method and payment for qualifying ambulance services furnished by a CAH or an entity owned and operated by a CAH from 100 percent of reasonable cost to 101 percent of reasonable cost. Section 3128 stated that these amendments were to be effective as if they were included in the enactment of section 405(a) of Pub. L. 108 – 173, which was effective for services furnished during cost reporting periods beginning on or after January 1, 2004. Note: since even prior to 2010, generally CAHs were actually paid for these services at 101 percent of reasonable cost (based on the cost report instructions), no additional payment adjustment will be necessary for prior periods. Accordingly, this instruction requires that even CAHs that have elected to be paid under the optional method, be paid for outpatient facility services at 101 percent of reasonable cost and for all CAHs to be paid for ambulance services at 101 percent of reasonable cost effective for dates of service on or after January 1, 2004.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M M A C	F I I E R	C A R I E R	R H H I S S	Shared-System Maintainers				OTH ER
						F I S S	M C S	V M S	C W F		
7219.1	Effective with dates of service on or after April 1, 2011, contractors shall pay for ambulance services submitted by CAHs, including IHS CAHs, with a hospital-based ambulance service on TOB 85X with revenue code 054X (ambulance) and condition code B2 (Critical Access Hospital ambulance attestation) based on 101 percent of reasonable cost.	X		X			X				

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M M A C	F I I E R	C A R I E R	R H H I S S	Shared-System Maintainers				OTH ER
						F I S S	M C S	V M S	C W F		
7219.2	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 one 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							

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s):

Policy: Renate Dombrowski, Renate-Rockwell.Dombrowski@cms.hhs.gov or (410) 786 – 4645

Claims Processing: Susan Guerin, Susan.Guerin@cms.hhs.gov or (410) 786-6138 or Yvonne Young, Yvonne.Young@cms.hhs.gov or (410) 786-1886

Post-Implementation Contact(s): Appropriate Regional Office

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.

Medicare Claims Processing Manual

Chapter 4 - Part B Hospital

(Including Inpatient Hospital Part B and OPPS)

250.5 - Medicare Payment for Ambulance Services Furnished by Certain CAHs

(Rev.2102, Issued: 11-19-10, Effective: 04-01-11, Implementation: 04-04-11)

Medically necessary ambulance services furnished *for dates of service* on or after December 21, 2000 *and prior to January 1, 2004*, by *a CAH or by an entity that is owned and operated by the CAH* are paid based on 100 percent of *the* reasonable cost if the 35 mile rule for cost-based payment is met.

For dates of service on or after January 1, 2004, medically necessary ambulance services furnished by a CAH or by an entity that is owned and operated by the CAH are paid based on 101 percent of the reasonable cost if the 35 mile rule for cost-based payment is met.

In order for the 35 mile rule to be met, the CAH or the entity that is owned and operated by the CAH, must be the only provider or supplier of ambulance services located within a 35 mile drive of the CAH or the entity.

Section 205 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000 exempts certain CAHs from the current Medicare ambulance cost per trip payment limit as well as from the ambulance fee schedule. Section 205(a) of BIPA states:

The Secretary shall pay the reasonable costs incurred in furnishing ambulance services if such services are furnished (A) by a CAH (as defined in §1861(mm)(1)), or (B) by an entity that is owned and operated by a CAH, but only if the CAH or entity is the only provider or supplier of ambulance services that is located within a 35-mile drive of such CAH.

Those CAHs that meet the 35 mile rule for cost-based payment shall report condition code B2 (CAH ambulance attestation) on their bills.

When the 35 mile rule for cost-based payment is not met, *the CAH ambulance service or the ambulance service furnished by the entity that is owned and operated by the CAH, is* paid based on the ambulance fee schedule.

Medicare Claims Processing Manual

Chapter 15 - Ambulance

30.2.3 - Indian Health Service (IHS)/Tribal Billing

(Rev.2102, Issued: 11-19-10, Effective: 04-01-11, Implementation: 04-04-11)

Ambulance services *furnished by* IHS/Tribal hospitals including Critical Access Hospitals (CAHs) will be paid according to the appropriate payment methodology.

For dates of service on or after December 21, 2000 and prior to January 1, 2004, medically necessary ambulance services furnished by an IHS/Tribal CAH or by an entity that is owned and operated by an IHS/Tribal CAH are paid based on 100 percent of the reasonable cost if the 35 mile rule for cost-based payment is met. In order for the 35 mile rule to be met, the IHS/Tribal CAH or the entity that is owned and operated by the IHS/Tribal CAH, must be the only provider or supplier of ambulance services that is located within a 35 mile drive of the IHS/Tribal CAH or the entity. Those CAHs that meet the 35 mile rule for cost-based payment shall report condition code B2 (CAH ambulance attestation) on their bills.

For dates of service on or after January 1, 2004, ambulance services furnished by an IHS/Tribal CAH or by an entity that is owned and operated by an IHS/Tribal CAH are paid based on 101 percent of the reasonable cost if the 35 mile rule for cost-based payment is met.

When the 35 mile rule for cost-based payment is not met, the IHS/Tribal CAH ambulance service or the ambulance service furnished by the entity that is owned and operated by the IHS/Tribal CAH is paid based on the ambulance fee schedule.

Other IHS/Tribal hospital based ambulance services are reimbursed based on the ambulance fee schedule.

Medicare Claims Processing Manual

Chapter 19 – Indian Health Services

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(Rev.2102, 11-19-10)

Transmittals for Chapter 19

100.12 – *A/B MAC* - Ambulance Services

100.12.2 – *A/B MAC* – CAH Ambulance Services – Medicare Part B -
Payment Policy

100.12 – A/B MAC - Ambulance Services

(Rev.2102, Issued: 11-19-10, Effective: 04-01-11, Implementation: 04-04-11)

Section 630 of the MMA allows for the reimbursement of ambulance services provided by *IHS* hospital-based ambulance providers, CAHs, *and entities owned and operated by a CAH, for the 5 year period beginning January 1, 2005. Section 2902 of the Affordable Care Act indefinitely extends Section 630 of the MMA, retroactive to January 1, 2010.* Effective January 1, 2005, claims for ambulance services submitted by hospital-based ambulance providers *and CAHs* shall be processed by the designated *A/B MAC*.

All claims processing requirements in Chapter 15 of Pub. 100-04, Medicare Claims Processing Manual, shall apply to ambulance service claims submitted by IHS hospital-based ambulance providers *and ambulance service claims submitted by IHS CAHs*.

100.12.2 – A/B MAC - CAH Ambulance Services - Medicare Part B - Payment Policy

(Rev.2102, Issued: 11-19-10, Effective: 04-01-11, Implementation: 04-04-11)

For dates of service on or after December 21, 2000 and prior to January 1, 2004, medically necessary ambulance services provided by an IHS CAH or an entity that is owned and operated by the IHS CAH are paid based on 100 percent of the reasonable cost if the 35 mile rule for cost-based payment is met. In order for the 35 mile rule to be met, the IHS CAH or the entity that is owned and operated by the IHS CAH, must be the only provider or supplier of ambulance services that is located within a 35 mile drive of the IHS CAH or the entity. Those CAHs that meet the 35 mile rule for cost-based payment shall report condition code B2 (CAH ambulance attestation) on their bills.

For dates of service on or after January 1, 2004, ambulance services furnished by an IHS CAH or by an entity that is owned and operated by the IHS CAH are paid based on 101 percent of reasonable cost if the 35 mile rule for cost-based payment is met.

When the 35 mile rule for cost-based payment is not met, *the ambulance services furnished by the IHS CAH or by the entity that is owned and operated by the IHS CAH* are paid based on the ambulance fee schedule.

The IHS CAHs shall notify the *A/B MAC* whether the ambulance service meets or does not meet the 35 mile ambulance rule.

The Medicare Part B deductible and coinsurance apply to ambulance services, but are waived by the IHS.

See Chapter 15, §30.2.3 of Pub. 100-04, Medicare Claims Processing Manual, for more information on the payment of ambulance claims.