

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3380	Date: October 23, 2015
	Change Request 9412

NOTE: This Transmittal is no longer sensitive and is being re-communicated on November 10, 2015. The Transmittal Number, Date of Transmittal and all other information remain the same. This instruction may now be posted on the Internet.

SUBJECT: Ambulance Inflation Factor for CY 2016 and Productivity Adjustment

I. SUMMARY OF CHANGES: This transmittal manualizes the ambulance inflation factor (AIF) so that Medicare contractors can accurately determine payment amounts for ambulance services.

This Recurring Update Notification applies to Pub. 100-04, Medicare Claims Processing Manual, Chapter 15, Section 20.4.

We are also clarifying Pub. 100-04, Medicare Claims Processing Manual, Chapter 15, Section 20.3.

EFFECTIVE DATE: January 1, 2016

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

IMPLEMENTATION DATE: January 4, 2016

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-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	15/20.3/Air Ambulance
R	15/20.4/Ambulance Inflation Factor (AIF)

III. FUNDING:

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:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3380	Date: October 23, 2015	Change Request: 9412
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SUBJECT: Ambulance Inflation Factor for CY 2016 and Productivity Adjustment

EFFECTIVE DATE: January 1, 2016

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

IMPLEMENTATION DATE: January 4, 2016

I. GENERAL INFORMATION

A. Background: This document furnishes the CY 2016 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by section 1834(l)(3)(B) of the Social Security Act (the Act), and updates Pub. 100-04, Medicare Claims Processing Manual, Chapter 15, Section 20.4.

Section 1834(l)(3)(B) of the Act provides the basis for an update to the payment limits for ambulance services 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. Section 3401 of the Affordable Care Act amended Section 1834(l)(3) of the Act to apply a productivity adjustment to this update equal to the 10-year moving average of changes in economy-wide private nonfarm business multi-factor productivity beginning January 1, 2011. The resulting update percentage is referred to as the AIF.

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

On March 23, 2010, the Patient Protection and Affordable Care Act (Pub. L. 111-148) was enacted. Following the enactment of Pub. L. 111-148, the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152 (enacted on March 30, 2010), amended certain provisions of Pub. L. 111-148. These public laws are collectively known as the Affordable Care Act. Section 3401 of the Affordable Care Act requires that specific Prospective Payment System (PPS) and Fee Schedule (FS) update factors be adjusted by changes in economy-wide productivity. The statute defines the productivity adjustment to be equal to the 10-year moving average of changes in annual economy-wide private nonfarm business multi-factor productivity (MFP) (as projected by the Secretary for the 10-year period ending with the applicable fiscal year, cost reporting period, or other annual period). The MFP for calendar year (CY) 2016 is 0.5 percent and the CPI-U for 2016 is 0.1 percent. According to the Affordable Care Act, the CPI-U is reduced by the MFP, even if this reduction results in a negative AIF update. Therefore, the AIF for CY 2016 is -0.4 percent.

Part B coinsurance and deductible requirements apply to payments under the ambulance fee schedule. The 2016 ambulance fee schedule file is available in November 2015. It may be retrieved at any time and will reside indefinitely for your access. It may be updated with each quarterly Common Working File (CWF) update.

We are also updating the manual section on Air Ambulance incorporating changes from 2011. Air Ambulance mileage shall be reported in fractional mileage not whole numbers.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
9412.1	Contractors shall use the CY 2016 AIF for determining the payment limit on claims for ambulance services furnished on or after January 1, 2016.	X	X								
9412.2	The 2016 ambulance fee schedule file shall be available in November 2015. The contractors shall process 2016 ambulance claims. The address for the file is as follows: MU00.@AAA2390.AMBFS.FINAL.CY2016.V1113 Please note that this file will not be available until mid-November 2015.	X	X								VDC
9412.3	Upon successful receipt of each file, the contractor shall send notification of receipt via email to price_file_receipt@cms.hhs.gov, stating the name of the file received and the entity for which it was received (e.g., contractor name and number).	X	X								VDC

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E M A C	C E D I	
		A	B	H H H			
9412.4	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/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 sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's 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	X	X				

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	program correctly.					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information: N/A

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Marianne Myers, 410-786-5962 or Marianne.Myers@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0

20.3 - Air Ambulance

(Rev.3380, Issued: 10-23-15, Effective: 01-01-16, Implementation: 01-04-16)

Refer to IOM Pub. 100-02, Medicare Benefit Policy Manual, chapter 10 - Ambulance Services, section 10.4 – Air Ambulance Services, *and section 30.1.2 – Definitions of Air Ambulance Services* for additional information on the coverage *and definitions* of air ambulance services. Under certain circumstances, transportation by airplane or helicopter may qualify as covered ambulance services. If the conditions of coverage are met, payment may be made for the air ambulance services.

Air ambulance services are paid at different rates according to two air ambulance categories:

- **AIR** ambulance service, conventional air services, transport, one way, **fixed wing** (FW) (HCPCS code A0430)
- **AIR** ambulance service, conventional air services, transport, one way, **rotary wing** (RW) (HCPCS code A0431)

Covered air ambulance mileage services are paid when the appropriate HCPCS code is reported on the claim:

- HCPCS code A0435 identifies FIXED WING AIR MILEAGE
- HCPCS code A0436 identifies ROTARY WING AIR MILEAGE

Effective for claims with dates of service on or after January 1, 2011, air mileage must be reported in *fractional* numbers of loaded statute miles flown. Contractors must ensure that the appropriate air transport code is used with the appropriate mileage code.

Air ambulance services may be paid only for ambulance services to a hospital. Other destinations e.g., skilled nursing facility, a physician's office, or a patient's home may not be paid air ambulance. The destination is identified by the use of an appropriate modifier as defined in Section 30(A) of this chapter.

Claims for air transports may account for all mileage from the point of pickup, including where applicable: ramp to taxiway, taxiway to runway, takeoff run, air miles, roll out upon landing, and taxiing after landing. Additional air mileage may be allowed by the contractor in situations where additional mileage is incurred, due to circumstances beyond the pilot's control. These circumstances include, but are not limited to, the following:

- Military base and other restricted zones, air-defense zones, and similar FAA restrictions and prohibitions;
- Hazardous weather; or
- Variances in departure patterns and clearance routes required by an air traffic controller.

If the air transport meets the criteria for medical necessity, Medicare pays the actual miles flown for legitimate reasons as determined by the Medicare contractor, once the Medicare beneficiary is loaded onto the air ambulance.

IOM Pub. 100-08, Medicare Program Integrity Manual, chapter 6 – Intermediary MR Guidelines for Specific Services contains instructions for Medical Review of Air Ambulance Services.

20.4 - Ambulance Inflation Factor (AIF)

(Rev.3380, Issued: 10-23-15, Effective: 01-01-16, Implementation: 01-04-16)

Section 1834(1)(3)(B) of the Social Security Act (the Act) provides the basis for an update to the payment limits for ambulance services 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. Section 3401 of the Affordable Care Act amended Section 1834(1)(3) of the Act to apply a productivity adjustment to this update equal to the 10-year moving average of changes in economy-wide private nonfarm business multi-factor productivity beginning January 1, 2011. The resulting update percentage is referred to as the Ambulance Inflation Factor (AIF). These updated percentages are issued via Recurring Update Notifications.

Part B coinsurance and deductible requirements apply to payments under the ambulance fee schedule. Following is a chart tracking the history of the AIF:

<u>CY</u>	<u>AIF</u>
2003	1.1
2004	2.1
2005	3.3
2006	2.5
2007	4.3
2008	2.7
2009	5.0
2010	0.0
2011	-0.1
2012	2.4
2013	0.8
2014	1.0
2015	1.5
<i>2016</i>	<i>-0.4</i>