

2011 Medicare Physician Fee Schedule Final Rule Summary

On November 2, 2010, the Centers for Medicare and Medicaid Services (CMS) posted a display copy of the final Medicare physician fee schedule (PFS) for 2011. The final rule in its entirety can be found at: http://www.ofr.gov/OFRUpload/OFRData/2010-27969_PL.pdf. (Please note: Once this notice is published in the Federal Register on 11/29/10 the link will change). The rule includes the standard annual fee schedule update, as well as implementation of provisions included in the Affordable Care Act (ACA). The provisions of the rule are effective January 1, 2011 unless stated otherwise.

Ambulance & Air Transport

Extension of Ambulance Payment Add-Ons in Rural Areas

Between July 1, 2008 and January 1, 2010, the ambulance fee schedule amounts for ground ambulance services were increased by 3 percent for ground ambulance transports originating in rural areas, and by 2 percent for ground ambulance transports not originating in rural areas. The ACA extended these payment add-ons for an additional year, covering ground ambulance transports occurring on January 1, 2010 through December 31, 2010. In the final rule, CMS revised the regulations to support this statutory requirement. CMS noted that they are developing a process to address retroactive claims adjustments for ambulance services that were processed under pre-ACA rules. Once this process is developed, CMS will provide instructions to contractors on how to provide retroactive payments.

The ACA amends the designation of rural areas, such that any area designated as rural for purposes of making payments under the ambulance fee schedule for air ambulance services as of December 31, 2006 shall continue to be designated as rural through December 31, 2010. CMS revised the regulations to support this statutory requirement.

Furthermore, as directed by the ACA, CMS extended the payment increase of 22.6 percent, applied to ground ambulance transports that originated in a "qualified rural area", through December 31, 2010.

Ambulance Fee Schedule

Each year, the ambulance fee schedule is required to be increased by the percentage increase of the CPI-U. The updated fee schedule is referred to as the Ambulance Inflation Factor (AIF). Starting in 2011, the ACA amends the AIF to be reduced each year by the Multifactor Productivity (MFP) adjustment. This adjustment may result in a percentage increase being less than zero, and could cause payment rates for a year to be less than those of the preceding year. If the CPI-U is less than zero for a given year, then the AIF will be held at zero before the MFP adjustment is applied.

Reporting Units when Billing for Ambulance Fractional Miles

For years, CMS lacked the capability to process fractional unit amounts on claims. Therefore, they applied a standard for ambulance mileage to be billed in whole number increments. Ambulance providers and suppliers were directed to round-up to the next whole number. In the proposed rule, CMS determined that claims processing for ambulance mileage should be revised to reflect the current functionality of their claims processing systems, which can now accept fractional units on claims.

CMS finalized its proposal to require that claims for mileage submitted on or after January 1, 2011 by ambulance providers and suppliers, both ground and transport, be rounded up to the nearest tenth of a

mile, up to 100 miles. Mileage equal to or greater than 100 miles must continue to be reported in whole numbers.

CMS received several comments regarding the claim capability of Part A providers, specifically that they are not able to submit fractional units. CMS acknowledged that the UB-04 form, used by Part A providers, is not capable of accepting fractional units at this time, although a form change is scheduled for July 2011. Therefore, CMS will delay the implementation date for Part A providers, who are permitted to bill on Form UB-04, to August 1, 2011.

Air Ambulance Provision

CMS finalized its proposal to:

- Clarify documentation required to establish eligibility to furnish services in the Medicare program by including Federal Aviation Administration and Clinical Laboratory Improvement Act certifications.
- Require fixed-wing ambulance and HEMS operators to notify the designated Medicare contractor for their State when FAA revokes or suspends any license or certification.
- Allow the provider or supplier to voluntarily terminate its Medicare billing privileges by contacting the Medicare contractor within 30 days of the revocation or suspension, thereby allowing it to avoid having action be brought against the provider or supplier and permitting re-enrollment when revocation or suspension is resolved.

CMS rejected comments to create an accreditation process, stating they do not have the statutory authority to establish an accreditation program for fixed-wing air ambulance operators and air ambulance operators.