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M E M B E R S H I P A L E R T

November 25, 2003

TO: CAA MEMBERS

FROM: David A. Nevins, President

**RE: MEDICARE PRESCRIPTION DRUG IMPROVEMENT AND
MODERNIZATION OF 2003**

Today the United States Senate passed, by a vote of 54 to 44, the conference agreement to the Medicare Prescription Drug Improvement and Modernization Act of 2003 (between HR 1 and S 1).

The House of Representatives passed the agreement on Saturday, November 22, by a vote of 220 to 215.

The legislation will now go to the President who has been very supportive of the agreement and is expected to sign the legislation. The signing of the historic legislation will most likely occur after the Thanksgiving Day Holiday at a White House ceremony.

The ambulance provisions contained in the legislation provides relief for providers in California as follows:

- 1. Requires CMS to establish Regional Fee Schedule by July 1, 2004**
- 2. Establishes new phase in period for national fee schedule effective January 1, 2004**
- 3. Provides increase for rural base rates and mileage effective January 1, 2004**

108th CONGRESS

1st Session

H. R. 1

IN THE SENATE OF THE UNITED STATES

July 7, 2003

(AMBULANCE PROVISIONS)

SEC. 410. IMPROVEMENT IN PAYMENTS TO RETAIN EMERGENCY CAPACITY FOR AMBULANCE SERVICES IN RURAL AREAS.

Section 1834(l) (42 U.S.C. 1395m(l)) is amended--

(1) by redesignating paragraph (8), as added by section 221(a) of BIPA (114 Stat. 2763A-486), as paragraph (9); and

(2) by adding at the end the following new paragraph:

`(10) ASSISTANCE FOR RURAL PROVIDERS FURNISHING SERVICES IN LOW MEDICARE POPULATION DENSITY AREAS-

`(A) IN GENERAL- In the case of ground ambulance services furnished on or after January 1, 2004, for which the transportation originates in a qualified rural area (as defined in subparagraph (B)), the Secretary shall provide for a percent increase in the base rate of the fee schedule for a trip established under this subsection. In establishing such percent increase, the Secretary shall estimate the average cost per trip for the base rate in the lowest quartile as compared to the average cost for the base rate for such services that is in the highest quartile of all rural county populations.

`(B) QUALIFIED RURAL AREA DEFINED- For purposes of subparagraph (A), the term `qualified rural area' is a rural area (as defined in section 1886(d)(2)(D)) with a population density of medicare beneficiaries residing in the area that is in the lowest quartile of all rural county populations.'

SEC. 622. PAYMENT FOR AMBULANCE SERVICES.

(a) PHASE-IN PROVIDING FLOOR USING BLEND OF FEE SCHEDULE AND REGIONAL FEE SCHEDULES- Section 1834(l) (42 U.S.C. 1395m(l)), as amended by section 410(a), is amended--

(1) in paragraph (2)(E), by inserting `consistent with paragraph (11)' after `in an efficient and fair manner'; and

(2) by adding at the end the following new paragraph:

`(11) PHASE-IN PROVIDING FLOOR USING BLEND OF FEE SCHEDULE AND REGIONAL FEE SCHEDULES- In carrying out the phase-in under paragraph (2)(E) for each level of service furnished in a year, the portion of the payment amount that is based on the fee schedule shall be the greater of the amount determined under such fee schedule (without regard to this paragraph) or the following blended rate of the fee schedule under paragraph (1) and of a regional fee schedule for the region involved:

`(A) For 2004, the blended rate shall be based 20 percent on the fee schedule under paragraph (1) and 80 percent on the regional fee schedule.

`(B) For 2005, the blended rate shall be based 40 percent on the fee schedule under paragraph (1) and 60 percent on the regional fee schedule.

`(C) For 2006, the blended rate shall be based 60 percent on the fee schedule under paragraph (1) and 40 percent on the regional fee schedule.

`(D) For 2007, 2008, and 2009, the blended rate shall be based 80 percent on the fee schedule under paragraph (1) and 20 percent on the regional fee schedule.

`(E) For 2010 and each succeeding year, the blended rate shall be based 100 percent on the fee schedule under paragraph (1).

For purposes of this paragraph, the Secretary shall establish a regional fee schedule for each of the 9 Census divisions using the methodology (used in establishing the fee schedule under paragraph (1)) to calculate a regional conversion factor and a regional mileage payment rate and using the same payment adjustments and the same relative value units as used in the fee schedule under such paragraph.'

(b) ADJUSTMENT IN PAYMENT FOR CERTAIN LONG TRIPS- Section 1834(l), as amended by subsection (a), is further amended by adding at the end the following new paragraph:

`(12) ADJUSTMENT IN PAYMENT FOR CERTAIN LONG TRIPS- In the case of ground ambulance services furnished on or after January 1, 2004, and before January 1, 2009, regardless of where the transportation originates, the fee schedule established under this subsection shall provide that, with respect to the payment rate for mileage for a trip above 50 miles the per mile rate otherwise established shall be increased by 1/4 of the payment per mile otherwise applicable to such miles.'

(c) GAO REPORT ON COSTS AND ACCESS- Not later than December 31, 2005, the Comptroller General of the United States shall submit to Congress an initial report on how costs differ among the types of ambulance providers and on access, supply, and quality of ambulance services in those regions and States that have a reduction in payment under the medicare ambulance fee schedule (under section 1834(l) of the Social Security Act, as amended by this section). Not later than December 31, 2007, the Comptroller General shall submit to Congress a final report on such access and supply.

(d) EFFECTIVE DATE- The amendments made by this section shall apply to ambulance services furnished on or after January 1, 2004.

The CAA will continue to provide timely updates as the fee schedule is developed for Region IX.