

108TH CONGRESS  
2D SESSION

# H. R. 5415

To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost or furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2004

Mr. REYNOLDS (for himself, Mr. ALLEN, Mr. PICKERING, and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost or furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medicare Ambulance  
3 Payment Reform and Rural Equity Act of 2004”.

4 **SEC. 2. AMBULANCE PAYMENT RATES.**

5 (a) PAYMENT RATES.—Section 1834(l)(3) of the So-  
6 cial Security Act (42 U.S.C. 1395m(l)(3)) is amended to  
7 read as follows:

8 “(3) PAYMENT RATES.—Subject to any adjust-  
9 ment under subparagraph (B) and paragraph (13)  
10 and the full payment of a national mileage rate pur-  
11 suant to paragraph (2)(E), the Secretary shall mod-  
12 ify the fee schedule established under paragraph (1)  
13 as follows:

14 “(A) PAYMENT RATES IN 2006.—

15 “(i) GROUND AMBULANCE SERV-  
16 ICES.—In the case of ground ambulance  
17 services furnished under this part in 2006,  
18 the Secretary shall set the payment rates  
19 under the fee schedule for such services at  
20 a rate based on the average costs (as de-  
21 termined by the Secretary on the basis of  
22 the most recent and reliable information  
23 available) incurred by full cost ambulance  
24 suppliers in providing nonemergency basic  
25 life support ambulance services covered  
26 under this title, with adjustments to the

1 rates for other ground ambulance service  
2 levels to be determined based on the rule  
3 established under paragraph (1). For the  
4 purposes of the preceding sentence, the  
5 term ‘full cost ambulance supplier’ means  
6 a supplier for which volunteers or other  
7 unpaid staff comprise less than 20 percent  
8 of the supplier’s total staff and which re-  
9 ceives less than 20 percent of space and  
10 other capital assets free of charge.

11 “(ii) OTHER AMBULANCE SERVICES.—

12 In the case of ambulance services not de-  
13 scribed in subclause (i) that are furnished  
14 under this part in 2006, the Secretary  
15 shall set the payment rates under the fee  
16 schedule for such services based on the  
17 rule established under paragraph (1).

18 “(B) PAYMENT RATES IN SUBSEQUENT  
19 YEARS FOR ALL AMBULANCE SERVICES.—In the  
20 case of any ambulance service furnished under  
21 this part in 2007 or any subsequent year, the  
22 Secretary shall set the payment rates under the  
23 fee schedule for such service at amounts equal  
24 to the payment rate under the fee schedule for  
25 that service furnished during the previous year,

1 increased by the percentage increase in the  
2 Consumer Price Index for all urban consumers  
3 (United States city average) for the 12-month  
4 period ending with June of the previous year.”.

5 (b) CONFORMING AMENDMENT.—(1) Section 221(c)  
6 of the Medicare, Medicaid, and SCHIP Benefits Improve-  
7 ment and Protection Act of 2000 (114 Stat. 2763A–487),  
8 as enacted into law by section 1(a)(6) of Public Law 106–  
9 554, is repealed.

10 (2) The amendment made by paragraph (1) shall  
11 take effect on January 1, 2006, and shall apply to pay-  
12 ments for ambulance services furnished on or after such  
13 date.

14 **SEC. 3. IMPROVEMENT IN PAYMENTS TO RETAIN EMER-**  
15 **GENCY AND OTHER CAPACITY FOR AMBU-**  
16 **LANCES IN RURAL AREAS.**

17 (a) IN GENERAL.—Section 1834(l) of the Social Se-  
18 curity Act (42 U.S.C. 1395m(l)), as amended by section  
19 415(a) of the Medicare Prescription Drug, Modernization,  
20 and Improvement Act of 2003, is amended by adding at  
21 the end the following new paragraph:

22 “(15) ADDITIONAL PAYMENTS FOR PROVIDERS  
23 FURNISHING AMBULANCES SERVICES IN RURAL  
24 AREAS.—

1           “(A) IN GENERAL.—In the case of ground  
2 ambulance services furnished on or after Janu-  
3 ary 1, 2006, for which the transportation origi-  
4 nates in a rural area (as determined under sub-  
5 paragraph (B)), the Secretary shall provide for  
6 a percent increase in the base rate of the fee  
7 schedule for a trip identified under this sub-  
8 section.

9           “(B) IDENTIFICATION OF RURAL AREAS.—  
10 The Secretary, in consultation with the Office  
11 of Rural Health Policy, shall use the Rural-  
12 Urban Commuting Areas (RUCA) coding sys-  
13 tem, adopted by that Office, to designate rural  
14 areas for the purposes of this paragraph. A  
15 rural area is any area in RUCA level 2 through  
16 10 and any unclassified area.

17           “(C) TIERING OF RURAL AREAS.—The  
18 Secretary shall designate 4 tiers of rural areas,  
19 using a zip code population-based methodology  
20 generated by the RUCA coding system, as fol-  
21 lows:

22           “(i) TIER 1.—A rural area that is a  
23 high metropolitan commuting area, in  
24 which 30 percent or more of the com-  
25 muting flow is to an urban area, as des-

1                   ignated by the Bureau of the Census  
2                   (RUCA level 2).

3                   “(ii) TIER 2.—A rural area that is a  
4                   low metropolitan commuting area, in which  
5                   less than 30 percent of the commuting flow  
6                   is to an urban area or to a large town, as  
7                   designated by the Bureau of the Census  
8                   (RUCA levels 3–6).

9                   “(iii) TIER 3.—A rural area that is a  
10                  small town core, as designated by the Bu-  
11                  reau of the Census, in which no significant  
12                  portion of the commuting flow is to an  
13                  area of population greater than 10,000  
14                  people (RUCA levels 7–9).

15                  “(iv) TIER 4.—A rural area in which  
16                  there is no dominant commuting flow  
17                  (RUCA level 10) and any unclassified area.

18                  The Secretary shall consult with the Office of  
19                  Rural Health Policy not less often than every 2  
20                  years to update the designation of rural areas  
21                  in accordance with any changes that are made  
22                  to the RUCA system.

23                  “(D) PAYMENT ADJUSTMENTS FOR TRIPS  
24                  IN RURAL AREAS.—The Secretary shall adjust  
25                  the payment rate under this section for ambu-

1           lance trips that originate in each of the tiers es-  
2           tablished in subparagraph (C). The adjustment  
3           shall be a percentage increase in the base pay-  
4           ment rate as follows:

5                   “(i) TIER 1.—5.5 percent.

6                   “(ii) TIER 2.—11 percent.

7                   “(iii) TIER 3.—16.5 percent.

8                   “(iv) TIER 4.—22 percent.”.

9           (b) REVIEW OF PAYMENTS FOR RURAL AMBULANCE  
10 SERVICES AND REPORT TO CONGRESS.—

11           (1) REVIEW.—Not later than July 1, 2008, the  
12           Secretary of Health and Human Services shall re-  
13           view the system for adjusting payments for rural  
14           ambulance services under section 1834(l)(15) of the  
15           Social Security Act (42 U.S.C. 1395m(l)(15)), as  
16           added by subsection (a), to determine the adequacy  
17           and appropriateness of such adjustments. In con-  
18           ducting such review the Secretary shall consult with  
19           providers and suppliers affected by such adjustments  
20           and with representatives of the ambulance industry  
21           generally to determine—

22                   (A) whether such adjustments adequately  
23                   cover the additional costs incurred in serving  
24                   areas of low population density; and

1 (B) whether the tiered structure for mak-  
2 ing such adjustments appropriately reflects the  
3 difference in costs of providing services in dif-  
4 ferent types of rural areas.

5 (2) REPORT.—Not later than January 1, 2009,  
6 the Secretary shall submit to Congress a report set-  
7 ting forth the results of such review and any rec-  
8 ommendations for revision to the systems for adjust-  
9 ing payments for ambulance services in rural areas.

10 (c) CONFORMING AMENDMENTS.—(1) Section  
11 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)),  
12 as amended by subsection (a), is further amended by add-  
13 ing at the end the following new paragraph:

14 “(16) DESIGNATION OF RURAL AREAS FOR  
15 MILEAGE PAYMENT PURPOSES.—In establishing any  
16 differential in the amount of payment for mileage  
17 between rural and urban areas in the fee schedule  
18 established under paragraph (1), the Secretary shall  
19 identify rural areas in the same manner as provided  
20 in paragraph (15)(B).”.

21 (2) Section 1834(l)(12)(A) of the Social Security Act  
22 (42 U.S.C. 1395m(l)(12)(A)), as added by section 414(c)  
23 of the Medicare Prescription Drug, Modernization, and  
24 Improvement Act of 2003, is amended by striking “Janu-  
25 ary 1, 2010” and inserting “January 1, 2006”.



1       (3) Section 1834(l)(13)(A)(i) of the Social Security  
2 Act (42 U.S.C. 1395m(l)(13)(A)(i)), as added by section  
3 414(d) of the Medicare Prescription Drug, Modernization,  
4 and Improvement Act of 2003, is amended by striking  
5 “paragraph (9)” and inserting “paragraph (15)(B)”.

6 **SEC. 4. USE OF MEDICAL CONDITIONS FOR CODING AMBU-**  
7 **LANCE SERVICES.**

8       Section 1834(l)(7) of the Social Security Act (42  
9 U.S.C. 1395m(l)(7)) is amended to read as follows:

10           “(7) CODING SYSTEM.—

11                   “(A) IN GENERAL.—The Secretary shall,  
12                   in accordance with section 1173(c)(1)(B) and  
13                   not later than July 1, 2005, establish a system  
14                   or systems for the coding of claims for ambu-  
15                   lance services for which payment is made under  
16                   this subsection, including a code set specifying  
17                   the medical condition of the individual who is  
18                   transported and the level of service that is ap-  
19                   propriate for the transportation of an individual  
20                   with that medical condition.

21                   “(B) MEDICAL CONDITIONS.—The code set  
22                   established under subparagraph (A) shall take  
23                   into account the list of medical conditions devel-

1 oped in the course of the negotiated rulemaking  
2 process conducted under paragraph (1).”.

○