

108TH CONGRESS  
2D SESSION

# S. 3011

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.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 2004

Mr. DAYTON (for himself and Mr. LOTT) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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,*

3       **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. AMBULANCE PAYMENT RATES.**

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

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

11 “(A) PAYMENT RATES IN 2006.—

12 “(i) GROUND AMBULANCE SERV-  
13 ICES.—In the case of ground ambulance  
14 services furnished under this part in 2006,  
15 the Secretary shall set the payment rates  
16 under the fee schedule for such services at  
17 a rate based on the average costs (as de-  
18 termined by the Secretary on the basis of  
19 the most recent and reliable information  
20 available) incurred by full cost ambulance  
21 suppliers in providing nonemergency basic  
22 life support ambulance services covered  
23 under this title, with adjustments to the  
24 rates for other ground ambulance service  
25 levels to be determined based on the rule  
26 established under paragraph (1). For the

1 purposes of the preceding sentence, the  
2 term ‘full cost ambulance supplier’ means  
3 a supplier for which volunteers or other  
4 unpaid staff comprise less than 20 percent  
5 of the supplier’s total staff and which re-  
6 ceives less than 20 percent of space and  
7 other capital assets free of charge.

8 “(ii) OTHER AMBULANCE SERVICES.—

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

15 “(B) PAYMENT RATES IN SUBSEQUENT

16 YEARS FOR ALL AMBULANCE SERVICES.—In the  
17 case of any ambulance service furnished under  
18 this part in 2007 or any subsequent year, the  
19 Secretary shall set the payment rates under the  
20 fee schedule for such service at amounts equal  
21 to the payment rate under the fee schedule for  
22 that service furnished during the previous year,  
23 increased by the percentage increase in the  
24 Consumer Price Index for all urban consumers

1 (United States city average) for the 12-month  
 2 period ending with June of the previous year.”.

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

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

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

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

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

23 “(A) IN GENERAL.—In the case of ground  
 24 ambulance services furnished on or after Janu-  
 25 ary 1, 2006, for which the transportation origi-

1 nates in a rural area (as determined under sub-  
2 paragraph (B)), the Secretary shall provide for  
3 a percent increase in the base rate of the fee  
4 schedule for a trip identified under this sub-  
5 section.

6 “(B) IDENTIFICATION OF RURAL AREAS.—

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

14 “(C) TIERING OF RURAL AREAS.—The

15 Secretary shall designate 4 tiers of rural areas,  
16 using a zip code population-based methodology  
17 generated by the RUCA coding system, as fol-  
18 lows:

19 “(i) TIER 1.—A rural area that is a

20 high metropolitan commuting area, in  
21 which 30 percent or more of the com-  
22 muting flow is to an urban area, as des-  
23 ignated by the Bureau of the Census  
24 (RUCA level 2).

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

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

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

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

21                  “(D) PAYMENT ADJUSTMENTS FOR TRIPS  
 22                  IN RURAL AREAS.—The Secretary shall adjust  
 23                  the payment rate under this section for ambu-  
 24                  lance trips that originate in each of the tiers es-  
 25                  tablished in subparagraph (C). The adjustment

1           shall be a percentage increase in the base pay-  
2           ment rate as follows:

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

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

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

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

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

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

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

23                      (B) whether the tiered structure for mak-  
24                      ing such adjustments appropriately reflects the

1 difference in costs of providing services in dif-  
2 ferent types of rural areas.

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

8 (c) CONFORMING AMENDMENTS.—(1) Section  
9 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)),  
10 as amended by subsection (a), is further amended by add-  
11 ing at the end the following new paragraph:

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

19 (2) Section 1834(l)(12)(A) of the Social Security Act  
20 (42 U.S.C. 1395m(l)(12)(A)), as added by section 414(c)  
21 of the Medicare Prescription Drug, Modernization, and  
22 Improvement Act of 2003, is amended by striking “Janu-  
23 ary 1, 2010” and inserting “January 1, 2006”.

24 (3) Section 1834(l)(13)(A)(i) of the Social Security  
25 Act (42 U.S.C. 1395m(l)(13)(A)(i)), as added by section



1 414(d) of the Medicare Prescription Drug, Modernization,  
 2 and Improvement Act of 2003, is amended by striking  
 3 “paragraph (9)” and inserting “paragraph (15)(B)”.

4 **SEC. 4. USE OF MEDICAL CONDITIONS FOR CODING AMBU-**  
 5 **LANCE.**

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

8 “(7) CODING SYSTEM.—

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

19 “(B) MEDICAL CONDITIONS.—The code set  
 20 established under subparagraph (A) shall take  
 21 into account the list of medical conditions devel-  
 22 oped in the course of the negotiated rulemaking  
 23 process conducted under paragraph (1).”.

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