

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 549

Department of Health &
Human Services

Center for Medicare and &
Medicaid Services

Date: APRIL 29, 2005

Change Request 3819

SUBJECT: Update to the Place of Service (POS) Code Set to Add a Code for Pharmacy

I. SUMMARY OF CHANGES: This change request updates the claims processing manual with a new Place of Service code for pharmacy and implements systems and carrier-level changes as needed to adjudicate Medicare claims with the new pharmacy code.

NEW/REVISED MATERIAL:

EFFECTIVE DATE : October 01, 2005

IMPLEMENTATION DATE : October 03, 2005

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

R/N/D	Chapter / Section / SubSection / Title
R	26/10.5 - Place of Service Codes (POS) and Definitions

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

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SUBJECT: Update to the Place of Service (POS) Code Set to Add a Code for Pharmacy

I. GENERAL INFORMATION

A. Background: As an entity covered under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Medicare must comply with standards and their implementation guides adopted by regulation under this statute. The currently adopted professional implementation guide for the ASC X12N 837 standard requires that each electronic claim transaction include a Place of Service code from the POS code set maintained by the Centers for Medicare and Medicaid Services (CMS). As a payer, Medicare must be able to recognize as valid any valid code from the POS code set that appears on the HIPAA standard claim transaction.

The POS code set provides setting information necessary to appropriately pay Medicare and Medicaid claims. At times, Medicaid has had a greater need for specificity than has Medicare, and many of the new codes developed over the past few years have been to meet Medicaid's needs. While Medicare does not always need this greater specificity in order to appropriately pay claims, it nevertheless adjudicates claims with the new codes as much as possible to ease coordination of benefits and to give Medicaid and other payers the setting information they require. This Change Request will update the current POS code set to add a new code for pharmacy and will implement the systems and carrier-level changes needed for Medicare to adjudicate claims with the new code.

B. Policy: Unless prohibited by National policy to the contrary, Medicare not only recognizes valid POS codes from the POS code set, but also adjudicates claims having these codes. Although the Medicare program does not always have same need for setting specificity as other CMS programs, such as Medicaid, adjudicating the claims eases the coordination of benefits for Medicaid and other payers who may need the specificity afforded by the entire POS code set. This update will add a new POS code for a pharmacy setting. Claims for covered services rendered in this setting shall be paid at the nonfacility rate. Carrier medical directors shall develop policies as needed to adjudicate claims containing this new code.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
3819.1	Carriers shall work with their medical directors to determine the policies applicable to newly adopted POS codes.			X	X					
3819.2	Carriers, if desired, may elect to work with standard systems maintainers to create crosswalks in the standard systems reflective of their carrier medical directors' policies.			X	X		X	X		
3819.3	Contractors shall add to the POS code set the pharmacy place of service code described in the Claims Processing Manual, Chapter 26, Section 10.5, applying business requirements 3819.1 and 3819.2 as appropriate.			X	X		X	X	X	
3819.4	Carriers shall pay at the nonfacility rate for services covered in the setting indicated by the pharmacy POS code described in the Claims Processing Manual, Chapter 26, Section 10.5.			X						

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
F I S S	M C S					V M S	C W F			
	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the			X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	<p>established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>								

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
None	None beyond those already stated in business requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: October 1, 2005</p> <p>Implementation Date: October 3, 2005</p> <p>Pre-Implementation Contact(s): Claudette Sikora CMM/PBG/DPCP, 410-786-5618; Joanne Spalding, CMM/PBG/DSCP, 410-786-3352</p> <p>Post-Implementation Contact(s): Same as above</p>	<p>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.</p>
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10.5 - Place of Service Codes (POS) and Definitions

(Rev.549, Issued: 04-29-05; Effective: 10-01-05; Implementation: 10-03-05)

- HIPAA
 - The Health Insurance Portability and Accountability Act of 1996 (HIPAA) became effective October 16, 2003, for all covered entities. Medicare is a covered entity under HIPAA.
 - The final rule, “Health Insurance Reform: Standards for Electronic Transactions,” published in the **Federal Register**, August 17, 2000, adopts the standards to be used under HIPAA and names the implementation guides to be used for these standards. The ASC X12N 837 professional is the standard to be used for transmitting health care claims electronically, and its implementation guide requires the use of POS codes from the National POS code set, currently maintained by CMS.
 - As a covered entity, Medicare must use the POS codes from the National POS code set for processing its electronically submitted claims. Medicare must also recognize as valid POS codes from the POS code set when these codes appear on such a claim.
 - Medicare must recognize and accept POS codes from the National POS code set in terms of HIPAA compliance. Note special considerations for Homeless Shelter (code 04) as well as Indian Health Service (codes 05, 06) and Tribal 638 (codes 07, 08) settings, described below. Where there is no National policy for a given POS code, carriers may work with their carrier medical directors to develop local policy regarding the services payable in a given setting, and this could include creating a crosswalk to an existing setting if desired. However, carriers must pay for the services at either the facility or the nonfacility rate as designated below. In addition, carriers, when developing policy, must ensure that they continue to pay appropriate rates for services rendered in the new setting; if they choose to create a crosswalk from one setting to another, they must crosswalk a facility rate designated code to another facility rate designated code, and a nonfacility rate designated code to another nonfacility rate designated code. For previously issued POS codes for which a crosswalk was mandated, and for which no other National Medicare directive has been issued, carriers may elect to continue to use the crosswalk or develop local policy regarding the services payable in the setting, including another crosswalk, if appropriate. If a carrier develops local policy for these settings, but later receives specific National instructions for these codes, the carriers shall defer to and comply with the newer instructions. (**Note:** While, effective January 1, 2003, codes 03 School, 04 Homeless Shelter, and 20 Urgent Care became part of the National POS code set and

were to be crosswalked to 11 Office, this mandate to crosswalk has since been lifted as indicated above).

- The National POS Code Set and Instructions for Using It

The following is the current National POS code set, with facility and non-facility designations noted for Medicare payment for services on the Physician Fee Schedule, *as of October 1, 2005. This code set has changed to include a new code for a pharmacy setting, effective October 1, 2005.* Note that codes 03, 04, 05, 06, 07, 08, 15, and 20 became part of the National POS code set effective January 1, 2003, and codes 13, 14, 49, and 57 became part of the National code set effective October 1, 2003. *In addition, the description of code 14 (group home) was revised effective April 1, 2004.*

POS Code/Name Description *= New or revised code, or code not previously implemented by Medicare	Payment Rate Facility=F Nonfacility=NF
<i>*01/ Pharmacy A facility or location where drugs and other medically related items and services are sold, dispensed, or otherwise provided directly to patients</i>	<i>NF</i>
02 Unassigned	
03/School A facility whose primary purpose is education.	NF
04/Homeless Shelter A facility or location whose primary purpose is to provide temporary housing to homeless individuals (e.g., emergency shelters, individual or family shelters). (See note below.)	NF
05 Indian Health Service Free-standing Facility A facility or location, owned and operated by the Indian Health Service, which provides diagnostic, therapeutic (surgical and non-surgical), and rehabilitation services to American Indians and Alaska Natives who do not require hospitalization . (See instructions below)	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
06 Indian Health Service Provider-based Facility A facility or location, owned and operated by the Indian Health Service, which provides diagnostic, therapeutic (surgical and non-surgical), and rehabilitation services rendered by, or under the supervision of, physicians to American Indians and Alaska Natives admitted as inpatients or outpatients. (See instructions below.)	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
07 Tribal 638 Free-Standing Facility A facility or location owned and operated by a federally recognized American Indian or Alaska Native tribe or tribal organization under a 638 agreement, which provides diagnostic, therapeutic (surgical and nonsurgical), and rehabilitation services to tribal members who do not require hospitalization . (See instructions below.)	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA

<p style="text-align: center;">POS Code/Name</p> <p>Description *= New or revised code, or code not previously implemented by Medicare</p>	<p style="text-align: center;">Payment Rate</p> <p style="text-align: center;">Facility=F Nonfacility=NF</p>
<p>08 Tribal 638 Provider-Based Facility</p> <p>A facility or location owned and operated by a federally recognized American Indian or Alaska Native tribe or tribal organization under a 638 agreement, which provides diagnostic, therapeutic (surgical and nonsurgical), and rehabilitation services to tribal members admitted as inpatients or outpatients. (See instructions below.)</p>	<p>Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA</p>
<p>09-10/Unassigned</p>	
<p>11/Office</p> <p>Location, other than a hospital, skilled nursing facility (SNF), military treatment facility, community health center, State or local public health clinic, or intermediate care facility (ICF), where the health professional routinely provides health examinations, diagnosis, and treatment of illness or injury on an ambulatory basis.</p>	<p>NF</p>
<p>12/Home</p> <p>Location, other than a hospital or other facility, where the patient receives care in a private residence.</p>	<p>NF</p>
<p>13/Assisted Living Facility</p> <p>Congregate residential facility with self-contained living units providing assessment of each resident's needs and on-site support 24 hours a day, 7 days a week, with the capacity to deliver or arrange for services including some health care and other services.</p>	<p>NF</p>
<p>14/Group Home (Description Revised Effective April 1, 2004)</p> <p>A residence, with shared living areas, where clients receive supervision and other services such as social and/or behavioral services, custodial service, and minimal services (e.g., medication administration).</p>	<p>NF</p>
<p>15/Mobile Unit</p> <p>A facility/unit that moves from place-to-place equipped to provide preventive, screening, diagnostic, and/or treatment services.</p>	<p>NF</p>
<p>16-19/Unassigned</p>	<p>--</p>
<p>20/Urgent Care Facility</p> <p>Location, distinct from a hospital emergency room, an office, or a clinic, whose purpose is to diagnose and treat illness or injury for unscheduled, ambulatory patients seeking immediate medical attention.</p>	<p>NF</p>
<p>21/Inpatient Hospital</p> <p>A facility, other than psychiatric, which primarily provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services by, or under, the supervision of physicians to patients admitted for a variety of medical conditions.</p>	<p>F</p>
<p>22/Outpatient Hospital</p> <p>A portion of a hospital which provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services to sick or injured persons who do not require hospitalization or institutionalization.</p>	<p>F</p>

POS Code/Name Description *= New or Revised code or code not previously implemented by Medicare	Payment Rate Facility=F Nonfacility=NF
23/Emergency Room-Hospital A portion of a hospital where emergency diagnosis and treatment of illness or injury is provided.	F
24/Ambulatory Surgical Center A freestanding facility, other than a physician's office, where surgical and diagnostic services are provided on an ambulatory basis.	F (Note: pay at the nonfacility rate for payable procedures not on the ASC list)
25/Birthing Center A facility, other than a hospital's maternity facilities or a physician's office, which provides a setting for labor, delivery, and immediate postpartum care as well as immediate care of newborn infants.	NF
26/Military Treatment Facility A medical facility operated by one or more of the Uniformed Services. Military Treatment Facility (MTF) also refers to certain former U.S. Public Health Service (USPHS) facilities now designated as Uniformed Service Treatment Facilities (USTF).	F
27-30/Unassigned	--
31/Skilled Nursing Facility A facility which primarily provides inpatient skilled nursing care and related services to patients who require medical, nursing, or rehabilitative services but does not provide the level of care or treatment available in a hospital.	F
32/Nursing Facility A facility which primarily provides to residents skilled nursing care and related services for the rehabilitation of injured, disabled, or sick persons, or, on a regular basis, health-related care services above the level of custodial care to other than mentally retarded individuals.	NF
33/Custodial Care Facility A facility which provides room, board and other personal assistance services, generally on a longterm basis, and which does not include a medical component.	NF
34/Hospice A facility, other than a patient's home, in which palliative and supportive care for terminally ill patients and their families are provided.	F
35-40 Unassigned	--
41/Ambulance—Land A land vehicle specifically designed, equipped and staffed for lifesaving and transporting the sick or injured.	F
42/Ambulance—Air or Water An air or water vehicle specifically designed, equipped and staffed for lifesaving and transporting the sick or injured.	F
43-48/Unassigned	--

<p style="text-align: center;">POS Code/Name</p> <p>Description *= New or Revised code or code not previously implemented by Medicare</p>	<p style="text-align: center;">Payment Rate</p> <p style="text-align: center;">Facility=F Nonfacility=NF</p>
<p>49/Independent Clinic</p> <p>A location, not part of a hospital and not described by any other Place of Service code, that is organized and operated to provide preventive, diagnostic, therapeutic, rehabilitative, or palliative services to outpatients only.</p>	NF
<p>50/Federally Qualified Health Center</p> <p>A facility located in a medically underserved area that provides Medicare beneficiaries preventive primary medical care under the general direction of a physician.</p>	NF
<p>51/Inpatient Psychiatric Facility</p> <p>A facility that provides inpatient psychiatric services for the diagnosis and treatment of mental illness on a 24-hour basis, by or under the supervision of a physician.</p>	F
<p>52/Psychiatric Facility-Partial Hospitalization</p> <p>A facility for the diagnosis and treatment of mental illness that provides a planned therapeutic program for patients who do not require full time hospitalization, but who need broader programs than are possible from outpatient visits to a hospital-based or hospital-affiliated facility.</p>	F
<p>53/Community Mental Health Center</p> <p>A facility that provides the following services: outpatient services, including specialized outpatient services for children, the elderly, individuals who are chronically ill, and residents of the CMHC's mental health services area who have been discharged from inpatient treatment at a mental health facility; 24 hour a day emergency care services; day treatment, other partial hospitalization services, or psychosocial rehabilitation services; screening for patients being considered for admission to State mental health facilities to determine the appropriateness of such admission; and consultation and education services.</p>	F
<p>54/Intermediate Care Facility/Mentally Retarded</p> <p>A facility which primarily provides health-related care and services above the level of custodial care to mentally retarded individuals but does not provide the level of care or treatment available in a hospital or SNF.</p>	NF
<p>55/Residential Substance Abuse Treatment Facility</p> <p>A facility which provides treatment for substance (alcohol and drug) abuse to live-in residents who do not require acute medical care. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, psychological testing, and room and board.</p>	NF
<p>56/Psychiatric Residential Treatment Center</p> <p>A facility or distinct part of a facility for psychiatric care which provides a total 24-hour therapeutically planned and professionally staffed group living and learning environment.</p>	F

<p style="text-align: center;">POS Code/Name</p> <p>Description *= New or Revised code or code not previously implemented by Medicare</p>	<p style="text-align: center;">Payment Rate</p> <p style="text-align: center;">Facility=F Nonfacility=NF</p>
<p>57/Non-residential Substance Abuse Treatment Facility</p> <p>A location which provides treatment for substance (alcohol and drug) abuse on an ambulatory basis. Services include individual and group therapy and counseling, family counseling, laboratory tests, drugs and supplies, and psychological testing.</p>	NF
<p>58-59/Unassigned</p>	--
<p>60/Mass Immunization Center</p> <p>A location where providers administer pneumococcal pneumonia and influenza virus vaccinations and submit these services as electronic media claims, paper claims, or using the roster billing method. This generally takes place in a mass immunization setting, such as, a public health center, pharmacy, or mall but may include a physician office setting.</p>	NF
<p>61/Comprehensive Inpatient Rehabilitation Facility</p> <p>A facility that provides comprehensive rehabilitation services under the supervision of a physician to inpatients with physical disabilities. Services include physical therapy, occupational therapy, speech pathology, social or psychological services, and orthotics and prosthetics services.</p>	F
<p>62/Comprehensive Outpatient Rehabilitation Facility</p> <p>A facility that provides comprehensive rehabilitation services under the supervision of a physician to outpatients with physical disabilities. Services include physical therapy, occupational therapy, and speech pathology services.</p>	NF
<p>63-64/Unassigned</p>	--
<p>65/End-Stage Renal Disease Treatment Facility</p> <p>A facility other than a hospital, which provides dialysis treatment, maintenance, and/or training to patients or caregivers on an ambulatory or home-care basis.</p>	NF
<p>66-70/Unassigned</p>	--
<p>71/State or Local Public Health Clinic</p> <p>A facility maintained by either State or local health departments that provides ambulatory primary medical care under the general direction of a physician.</p>	NF
<p>72/Rural Health Clinic</p> <p>A certified facility which is located in a rural medically underserved area that provides ambulatory primary medical care under the general direction of a physician.</p>	NF
<p>73-80/Unassigned</p>	
<p>81/Independent Laboratory</p> <p>A laboratory certified to perform diagnostic and/or clinical tests independent of an institution or a physician's office.</p>	NF
<p>82-98/Unassigned</p>	
<p>99/Other Place of Service</p> <p>Other place of service not identified above.</p>	NF

- **Special Considerations for Homeless Shelter (Code 04)**

Note that for the purposes of receiving durable medical equipment (DME), a homeless shelter is considered the beneficiary's home. Because DME is payable in the beneficiary's home, the crosswalk for Homeless Shelter (code 04) to Office (code 11) that was mandated effective January 1, 2003, may need to be adjusted or local policy developed so that HCPCS codes for DME are covered when other conditions are met and the beneficiary is in a homeless shelter. If desired, carriers are permitted to work with their carrier medical directors to determine a new crosswalk such as from Homeless Shelter (code 04) to Home (code 12) or Custodial Care Facility (code 33) for DME provided in a homeless shelter setting. If a carrier is currently paying claims correctly, however, it is not necessary to change the current crosswalk.

- **Special Considerations for Indian Health Service (Codes 05, 06) and Tribal 638 Settings (Codes 07, 08)**

Medicare does not currently use the POS codes designated for these settings. Follow the instructions you have received regarding how to process claims for services rendered in IHS and Tribal 638 settings. If you receive claims with these codes, you must initially accept them in terms of HIPAA compliance. However, follow your "return as unprocessable" procedures after this initial compliance check. Follow your "return as unprocessable" procedures when you receive paper claims with these codes. (Note that while these codes became part of the National POS code set effective January 1, 2003, Medicare contractors received instructions regarding how to process claims with these codes effective October 1, 2003, so that Medicare could be HIPAA compliant by October 16, 2003).

- **Special Considerations for Mobile Unit Settings (Code 15)**

When services are furnished in a mobile unit, they are often provided to serve an entity for which another POS code exists. For example, a mobile unit may be sent to a physician's office or a skilled nursing facility. If the mobile unit is serving an entity for which another POS code already exists, providers should use the POS code for that entity. However, if the mobile unit is not serving an entity which could be described by an existing POS code, the providers are to use the Mobile Unit POS code 15. Apply the nonfacility rate to payments for services designated as being furnished in POS code 15; apply the appropriate facility or nonfacility rate for the POS code designated when a code other than the mobile unit code is indicated.

- **Paper Claims**

Adjudicate paper claims with codes from the National POS code set as you would for electronic claims. (Prior to HIPAA implementation, Medicare contractors were instructed to also apply these requirements to non-standard formats, effective January 1, 2003. However, it is not the purpose of instructions for this

code set to determine how non-standard formats are to be handled in a HIPAA environment, and this information should be expected from other instructions.)