
Program Memorandum Carriers

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Transmittal B-03-040

Date: MAY 16, 2003

CHANGE REQUEST 2730

SUBJECT: Update of the Place of Service (POS) Code Set

I. GENERAL INFORMATION

A. Background:

- The Health Insurance Portability and Accountability Act of 1996 (HIPAA) will become 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.

B. Policy:

- HIPAA and Medicare Requirements

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.

- National POS Code Set

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:

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<p align="center">POS Code/Name</p> <p align="center">Description *= New code or code not previously implemented by Medicare</p>	<p align="center">Payment Rate</p> <p align="center">Facility=F Nonfacility=NF</p>
01-02 Unassigned	--
<p>03/School A facility whose primary purpose is education.</p>	NF
<p>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)</p>	NF
<p>*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 note below)</p>	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
<p>*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 note below)</p>	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
<p>*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 note below)</p>	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
<p>*08 Tribal 638 Provider-Based 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 admitted as inpatients or outpatients. (See note below)</p>	Not applicable for adjudication of Medicare claims; systems must recognize for HIPAA
09-10/Unassigned	
<p>11/Office 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>	NF
<p>12/Home Location, other than a hospital or other facility, where the patient receives care in a private residence.</p>	NF
<p>*13/Assisted Living Facility Congregate residential facility with self-contained living units providing assessment of each resident's needs and on-site support 24 hours a day, seven days a week, with the capacity to deliver or arrange for services including some health care and other services.</p>	NF

<p align="center">POS Code/Name</p> <p>Description *= New code or code not previously implemented by Medicare</p>	<p align="center">Payment Rate</p> <p align="center">Facility=F Nonfacility=NF</p>
<p>*14/Group Home Congregate residential foster care setting for children and adolescents in state custody that provides some social, health care, and educational support services and that promotes rehabilitation and reintegration of residents into the community.</p>	<p align="center">NF</p>
<p>15/Mobile Unit A facility/unit that moves from place-to-place equipped to provide preventive, screening, diagnostic, and/or treatment services.</p>	<p align="center">NF</p>
<p>16-19/Unassigned</p>	<p align="center">--</p>
<p>20/Urgent Care Facility 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 align="center">NF</p>
<p>21/Inpatient Hospital 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 align="center">F</p>
<p>22/Outpatient Hospital 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 align="center">F</p>
<p>23/Emergency Room-Hospital A portion of a hospital where emergency diagnosis and treatment of illness or injury is provided.</p>	<p align="center">F</p>
<p>24/Ambulatory Surgical Center A freestanding facility, other than a physician's office, where surgical and diagnostic services are provided on an ambulatory basis.</p>	<p align="center">F (Note: pay at the nonfacility rate for payable procedures not on the ASC list)</p>
<p>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.</p>	<p align="center">NF</p>
<p>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).</p>	<p align="center">F</p>
<p>27-30/Unassigned</p>	<p align="center">--</p>
<p>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.</p>	<p align="center">F</p>
<p>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.</p>	<p align="center">NF</p>

<p style="text-align: center;">POS Code/Name</p> <p>Description *= New code or code not previously implemented by Medicare</p>	<p style="text-align: center;">Payment Rate</p> <p>Facility=F Nonfacility=NF</p>
<p>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.</p>	<p style="text-align: center;">NF</p>
<p>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.</p>	<p style="text-align: center;">F</p>
<p>35-40 Unassigned</p>	<p style="text-align: center;">--</p>
<p>41/Ambulance—Land A land vehicle specifically designed, equipped and staffed for lifesaving and transporting the sick or injured.</p>	<p style="text-align: center;">F</p>
<p>42/Ambulance—Air or Water An air or water vehicle specifically designed, equipped and staffed for lifesaving and transporting the sick or injured.</p>	<p style="text-align: center;">F</p>
<p>43-48/Unassigned</p>	<p style="text-align: center;">--</p>
<p>*49/Independent Clinic 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>	<p style="text-align: center;">NF</p>
<p>50/Federally Qualified Health Center A facility located in a medically underserved area that provides Medicare beneficiaries preventive primary medical care under the general direction of a physician.</p>	<p style="text-align: center;">NF</p>
<p>51/Inpatient Psychiatric Facility 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>	<p style="text-align: center;">F</p>
<p>52/Psychiatric Facility-Partial Hospitalization 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>	<p style="text-align: center;">F</p>
<p>53/Community Mental Health Center 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>	<p style="text-align: center;">F</p>
<p>54/Intermediate Care Facility/Mentally Retarded 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>	<p style="text-align: center;">NF</p>

<p align="center">POS Code/Name</p> <p>Description *= New code or code not previously implemented by Medicare</p>	<p align="center">Payment Rate</p> <p align="center">Facility=F Nonfacility=NF</p>
<p>55/Residential Substance Abuse Treatment Facility 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>	<p align="center">NF</p>
<p>56/Psychiatric Residential Treatment Center 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>	<p align="center">F</p>
<p>*57/Non-residential Substance Abuse Treatment Facility 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>	<p align="center">NF</p>
<p>58-59/Unassigned</p>	<p align="center">--</p>
<p>60/Mass Immunization Center 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>	<p align="center">NF</p>
<p>61/Comprehensive Inpatient Rehabilitation Facility 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>	<p align="center">F</p>
<p>62/Comprehensive Outpatient Rehabilitation Facility 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>	<p align="center">NF</p>
<p>63-64/Unassigned</p>	<p align="center">--</p>
<p>65/End-Stage Renal Disease Treatment Facility 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>	<p align="center">NF</p>
<p>66-70/Unassigned</p>	<p align="center">--</p>
<p>71/State or Local Public Health Clinic A facility maintained by either State or local health departments that provides ambulatory primary medical care under the general direction of a physician.</p>	<p align="center">NF</p>
<p>72/Rural Health Clinic 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>	<p align="center">NF</p>
<p>73-80/Unassigned</p>	<p align="center">--</p>
<p>81/Independent Laboratory A laboratory certified to perform diagnostic and/or clinical tests independent of an institution or a physician's office.</p>	<p align="center">NF</p>
<p>82-98/Unassigned</p>	<p align="center">--</p>
<p>99/Other Place of Service Other place of service not identified above.</p>	<p align="center">NF</p>

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

Please 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 (04) to office (11) 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.

- **Paper Claims**

Adjudicate paper claims with codes from the National POS code set as you would for electronic claims.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2730.01	Standard systems maintainers (SSMs) and carriers shall recognize and accept as valid all POS codes from the National POS code set where these implementation guide edits are currently performed.	SSMs, and carriers, as applicable
2730.02	CWF shall recognize all POS codes from the National POS code set where it has edits in place to validate these codes claims.	CWF
2730.03	Where National policy and instructions exist regarding these codes, CWF, SSMs, and carriers shall follow such policy and instructions for using these codes for both paper and electronic claims.	CWF, SSMs, carriers
2730.04	Carriers shall apply either the facility or nonfacility rates to payment for services rendered in these settings according to National Medicare instructions they have received, including this program memorandum, for both paper and electronic claims.	Carriers
2730.05	Where there are no National Medicare instructions or policy regarding the services payable in a given setting, carriers shall work with their medical directors to develop local policy to that effect, taking into consideration related	Carriers

	applicable National policy for both paper and electronic claims. The local policy must result in payment appropriate for the setting and may include a crosswalk to another setting at the carrier's discretion.	
2730.06	Carriers shall have the option of continuing to use the crosswalks designated in CR 2259 or developing their own local policies for codes announced in CR 2259 in terms of which services are payable in a given setting as long as there is no other National Medicare policy precluding the development of local policy for a given setting, for both paper and electronic claims. Carriers shall work with their medical directors regarding local policy development and decisions. The local policy must result in payment appropriate for the setting and may include a crosswalk to another setting at the carrier's discretion.	Carriers
2730.07	Carriers shall continue to comply with other requirements designated in CR 2259 such as the facility and nonfacility designations and when it is permissible to use code 15, "Mobile Unit," for both paper and electronic claims.	Carriers
2730.08	After the initial validation and acceptance of the POS codes as valid in terms of HIPAA compliance, carriers shall follow their return as unprocessable instructions for IHS codes 05 and 06 as well as Tribal 638 codes 07 and 08 for electronic claims; they shall follow their "return as unprocessable" instructions for paper claims containing these codes. Carriers using remark codes when returning a claim as unprocessable shall use "M77 Incomplete/invalid place of service(s)" for such claims.	Carriers
2730.09	Carriers shall adjudicate claims for durable medical equipment furnished in Homeless Shelters (code 04) so that the services are covered when other coverage conditions are met; i.e., not denied based on the setting, for both paper and electronic claims. Working with Carrier Medical Directors, Carriers shall ensure that payment is appropriate for the services provided in this setting, taking into account that multiple patients are typically seen in this setting.	Carriers
2730.10	Carriers shall inform their providers of carrier processing requirements via their next regularly scheduled bulletins, and through a posting on their Web site and notification through electronic bulletin boards and listservs within four weeks of receiving this instruction.	Carriers
2730.11	New codes are effective October 1, 2003.	Carriers, SSMs, CWF

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2730.01	POS code validation edits shall continue to occur at the points in the process where they currently reside, either at the carrier-level, standard system level, or both. (A primary purpose of this PM is to indicate the new codes to be validated, but not the manner in which they are to be validated.)
2730.02, 2730.03, 2730.05	CWF shall include the new codes used by Medicare from this PM as well as from CR 2259 in its edit for valid POS for type of service "W" (physical therapy; doing so will permit the carriers to develop their own policies as appropriate and needed for these services in the new settings without an automatic rejection by CWF.) The new codes to be included: 03, 04, 05, 06, 07, 08, 13, 14, 15, 20, 49, 57
2730.11	New and revised policy resulting from this PM are effective October 1, 2003.
2730.11	If carriers elect to use a crosswalk approach to implementing National and/or local policy, they may implement it at the carrier level, the standard systems level, or a combination of both, depending on design and systems considerations and as long as the policy developed Nationally or locally is unaffected by the crosswalk. A crosswalk approach may be either a literal mapping of one POS code to another or it can be a "treat as" approach as long as National Claims History, all reports, and outbound information, including coordination of benefits, reflect the original POS code on the incoming claim. Any selected crosswalk shall not result in altering the content of the incoming claim (a literal mapping of one POS code to another is acceptable as a means of processing the claim internally within CMS systems as long as the switch of codes is temporary, remains internal to CMS processing, and is transparent to the ultimate results of processing the claim; all outbound information and other information regarding the claim shall show the original POS code supplied by the provider.)

B. Design Considerations: NA

C. Interfaces: NA

D. Contractor Financial Reporting /Workload Impact: NA

E. Dependencies: NA

F. Testing Considerations: NA

IV. ATTACHMENT(S): N/A

<p>Version:</p> <p>Implementation Date: October 1, 2003</p> <p>Discard Date: September 30, 2004</p> <p>Post-Implementation Contact: Regional Offices</p>	<p>Effective Date: October 1, 2003</p> <p>Funding: These instructions should be implemented within the carriers' current operating budget.</p> <p>Pre-Implementation Contact: Claudette Sikora, CMM/PBG/DPCP, 410-786-5618</p>
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