CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1288	Date: JULY 13, 2007
	Change Request 5331

SUBJECT: Update to the Place of Service (POS) Code Set to Add a Code for Prison/Correctional Facility - VMS Only

I. SUMMARY OF CHANGES: This update will add a POS code "09" for a prison/correctional facility setting. Durable Medical Equipment Medicare Administrative Contractors (DME MACs) shall develop procedures as needed to adjudicate claims containing this new code.

NEW / REVISED MATERIAL
EFFECTIVE DATE: *July 1, 2006
IMPLEMENTATION DATE: January 7, 2008

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-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2008 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-04	Transmittal: 1288	Date: July 13, 2007	Change Request: 5331

SUBJECT: Update to the Place of Service (POS) Code Set to Add a Code for Prison/Correctional Facility – VMS Only

Effective Date: July 1, 2006; the effective date reflects Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements for nonmedical data code sets and is not according to date of service. Suppliers provide an appropriate code in effect when the transaction is initiated.

Implementation Date: January 7, 2008

I.   GENERAL INFORMATION

A.   Background: As an entity covered under 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 (POS) 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 code from the CMS-maintained, HIPAA-standard 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 developed 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 to ease coordination of benefits and to give Medicaid and other payers the setting information they require. This CR will update the current Medicare fee-for-service POS code set to add a new code for prison/correctional facility and will implement the systems and contractor-level changes needed for Medicare to adjudicate claims with the new code.

This update will add a POS code "09" for a prison/correctional facility setting. Durable Medical Equipment Medicare Administrative Contractors (DME MACs) shall develop procedures as needed to adjudicate claims containing this new code.

B.   Policy: The Medicare fee-for-service POS code set shall be coextensive with the CMS-maintained, HIPAA-standard POS code set. DME MACs shall accept as valid the POS code "09" for a prison/correctional facility.

DME MACs must continue to comply with CMS current policy that does not allow payment for Medicare services furnished in a penal institution in most cases. The addition of a POS code for a prison/correctional facility setting does not supersede this policy. (See Pub. 100-4, Medicare Claims Processing, Section 10.4, Chapter 1.) However, claims for covered services rendered in this setting, if payable by Medicare, shall be paid at the non-facility rate.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	FISS	MCS	VMS	CWF	OTHER
								Shared-System Maintainers				
5331.1	DME MACs and shared system maintainers shall add to the POS code set the prison/correctional facility place-of-service code (09) described in Pub. 100-04, Medicare Claims Processing Manual, Chapter 26, Section 10.5, applying business requirements 5331.2, 5331.3, and 5331.4, as appropriate.		X							X	X	
5331.2	DME MACs shall not pay for an item or service when the POS is "09", except in the circumstance addressed in CR 4352. (See Pub. 100-4, Medicare Claims Processing, Section 10.4, Chapter 1.)		X									
5331.3	DME MACs, if desired, may elect to work with standard systems maintainers to create crosswalks in the standard systems reflective of DME MAC procedures.		X									
5331.4	DME MACs shall pay for claims billed with the "QJ" modifier and POS 09 or billed with the "QJ" modifier and POS 12.		X									
5331.5	Contractors need not search their files for claims submitted with POS 09 to either retract payment for claims already paid or to retroactively pay claims. However, contractors shall adjust such claims that are brought to their attention.		X									
5331.6	The implementation of this instruction shall be based on claims processed on and after January 7, 2008.		X									

III. PROVIDER EDUCATION TABLE

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	FISS	MCS	VMS	CWF	OTHER
								Shared-System Maintainers				
5331.7	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the		X									

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	FISS	MCS	VMS	CWF	OTHER
	established "MLN 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. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.											

IV.   SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
N/A	

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Susan Webster at susan.webster@cms.hhs.gov .

Post-Implementation Contact(s): Susan Webster at susan.webster@cms.hhs.gov .

VI. FUNDING

A. *For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC),* **use only one of the following statements:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2008 operating budgets.

B. *For Medicare Administrative Contractors (MAC)*, **use the following statement:**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.