CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1681	**Date: February 13, 2009**
	Change Request 6300

SUBJECT: Payments to Institutional Providers with Multiple Service Delivery Locations

I. SUMMARY OF CHANGES: This transmittal provides instructions to assign payment localities under the Medicare Physician Fee Schedule services based on the ZIP code of the service facility location. It also provides clarification regarding reporting of taxonomy codes.

New / Revised Material
Effective Date: October 1, 2007
Implementation Date: July 6, 2009

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
R	1/160.1/Reporting of Taxonomy Codes (Institutional Providers)
N	1/170.1.1/Payments on the MPFS for Providers With Multiple Service Locations

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. 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.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1681	Date: February 13, 2009	Change Request: 6300

SUBJECT: Payments to Institutional Providers with Multiple Service Delivery Locations

Effective Date: October 1, 2007

Implementation Date: July 6, 2009

I. GENERAL INFORMATION

A. Background: Historically, institutional providers operated from a single physical location. As a result, the provider files in Medicare's Fiscal Intermediary Shared System (FISS) contain only a single master address for the provider. For services that are paid subject to the Medicare Physician Fee Schedule (MPFS) and anesthesia services, the payment locality used to calculate the fee amount is determined using the ZIP code of this master address in cases where a nine-digit ZIP code is required. In other cases, a carrier locality present on the provider file for each provider is used.

Increasingly, hospitals operate off-site outpatient facilities and other institutional outpatient service providers operate multiple satellite offices. In certain cases, these additional locations are in a different payment locality than the parent provider. In order for MPFS and anesthesia payments to be accurate, the nine-digit ZIP code of the satellite facility should be used to determine the locality.

Medicare outpatient service providers were instructed by Change Request (CR) 5243 to report the nine-digit ZIP code of the service facility location in the 2310E loop of the 837 Institutional claim transaction. While this information has been available to Medicare systems since CR 5243 was implemented in January 2007, the Fiscal Intermediary Shared System (FISS) has not been able to use it. There is no corresponding field in the FISS internal claim record to carry a service facility nine-digit ZIP code. The requirements below describe the use of a payer-only value code to carry the service facility ZIP code. This will make the data available to the payment logic in FISS without requiring an expansion of the FISS claim record to create a new field.

B. Policy: Medicare systems will pay MPFS and anesthesia services submitted via electronic media claims using the nine-digit service facility ZIP code submitted by the provider to determine the payment locality.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6300.1	Medicare systems shall map the nine-digit service facility ZIP code reported in data element N403 of loop 2310E of an incoming 837 institutional claim to a value amount associated with value code 78.						X				
6300.1.1	Medicare systems shall enter the nine-digit ZIP code value in the dollar portion of the value amount.						X				

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6300.2	Medicare systems shall use the nine-digit ZIP code associated with value code 78, when present, to determine the payment locality to apply on all institutional outpatient services paid subject to the Medicare Physician Fee Schedule and anesthesia services.						X				
6300.3	Medicare systems shall ensure that the value code 78 and associated amount are not included on the COB outbound 837 transaction						X				
6300.4	Medicare systems shall continue to use the ZIP code associated with the provider's master address to determine the payment locality on claims submitted via Direct Data Entry or paper formats.						X				
6300.5	Medicare contractors shall adjust timely claims that were paid inaccurately due to the lack of a service facility ZIP code when these claims are both for dates of service prior between the effective and implementation dates of this CR and are brought to their attention by the provider.	X		X		X					
6300.5.1	Medicare contractors shall append value code 78 and the service facility ZIP code specified by the provider when initiating adjustments to correct inaccurate payments.	X		X		X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6300.6	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 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 one 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	X		X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.										

IV. SUPPORTING INFORMATION

Section 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:
6300.2	Medicare Claims Processing Manual, chapter 1, section 170.1 provides a resource regarding which services may be subject to the MPFS.

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Wil Gehne, wilfried.gehne@cms.hhs.gov, 410-786-6148, Jason Kerr, jason.kerr@cms.hhs.gov, 410-786-2123

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs)* use only one of the following statements:

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

Section B: *For Medicare Administrative Contractors (MACs)*, use the following statement:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. 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 requirement.

Medicare Claims Processing Manual
Chapter 1 - General Billing Requirements

Table of Contents
(Rev. 1681, 02-13-09)

160.1 - Reporting of Taxonomy Codes (Institutional Providers)

(Rev. 1681, Issued: 02-13-09, Effective: 10-01-07, Implementation: 07-06-09)

Institutional providers *may* submit a taxonomy code on claims they submit to Medicare. *Medicare does not use the taxonomy code for matching a provider's NPI to the appropriate legacy identifier. Medicare uses other claims data for this purpose. Medicare does not use the taxonomy code for any other claims processing purpose. Payers other than Medicare may have requirements for taxonomy codes. Medicare will pass any taxonomy code submitted on a Medicare claim to our trading partners on crossover claims, to allow for the possibility that those payers may use it.*

If an institutional provider chooses to submit taxonomy codes, the following table supplies the crosswalk from *Medicare's legacy identifier* (the OSCAR number) to the appropriate taxonomy code based on the provider's facility type:

OSCAR Provider Type	OSCAR Coding	Taxonomy Code
Short-term (General and Specialty) Hospitals	0001-0879 *Positions 3-6	282N00000X
Critical Access Hospitals	1300-1399 *	282NC0060X
Long-Term Care Hospitals	2000-2299 *	282E00000X
Hospital Based Renal Dialysis Facilities	2300-2499*	261QE0700X
Independent Renal Dialysis Facilities	2500-2899*	261QE0700X
Rehabilitation Hospitals	3025-3099 *	283X00000X
Children's Hospitals	3300-3399 *	282NC2000X
Hospital Based Satellite Renal Dialysis Facilities	3500-3699	Type of Bill code 72X + 261QE0700X + different zip code than any renal dialysis facility issued an OSCAR that is located on that hospital's campus
Psychiatric Hospitals	4000-4499 *	283Q00000X
Organ Procurement Organization (OPO)	P in third Position	335U00000X

Psychiatric Unit	M or S in third Position	273R00000X
Rehabilitation Unit	R or T in third Position	273Y00000X
Swing-Bed Unit	U, W, Y, or Z in third Position	Type of Bill Code X8X (swing bed) with one of the following taxonomy codes to define the type of facility in which the swing bed is located 275N00000X if unit in a short-term hospital (U), 282E00000X if unit in a long-term care hospital (W), 283X00000X if unit in a rehab facility (Y), 282NC0060X if unit in a critical access hospital (Z)

170.1.1 – Payments on the MPFS for Providers With Multiple Service Locations

(Rev. 1681, Issued: 02-13-09, Effective: 10-01-07, Implementation: 07-06-09)

Services that are paid subject to the Medicare Physician Fee Schedule (MPFS) are adjusted based on the applicable payment locality. Medicare systems determine which locality applies using ZIP codes. In cases where the provider has only one service location, the payment locality used to calculate the fee amount is determined using the ZIP code of the master address contained in the Medicare contractors' provider file.

Increasingly, hospitals operate off-site outpatient facilities and other institutional outpatient service providers operate multiple satellite offices. In some cases, these additional locations are in a different payment locality than the parent provider. In order for MPFS payments to be accurate, the nine-digit ZIP code of the satellite facility is used to determine the locality in these cases.

Medicare outpatient service providers report the nine-digit ZIP code of the service facility location in the 2310E loop of the 837 Institutional claim transaction. Medicare systems use this service facility ZIP code to determine the applicable payment locality whenever it is present.