



Billing Requirements for OPPS Providers with Multiple Service Locations

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R1704OTN and R1783OTN

Implementation Date: January 3, 2017 for
CR9613 and July 3, 2017 for CR9907

Note: We revised this article on May 10, 2019, to add a link to a related article, [SE19007](#). That article provided the activation of systematic validation edits to enforce the requirements which describe Payment Bases for Institutional Claims which are described in this article.

PROVIDER TYPES AFFECTED

This MLN Matters® Special Edition Article is intended for Outpatient Prospective Payment System (OPPS) providers that have multiple service locations submitting claims to Medicare A/B Medicare Administrative Contractors (MACs).

WHAT YOU NEED TO KNOW

This article conveys enforcement editing requirements for the Medicare Claims Processing Manual, Chapter 1, and Section 170 which describes Payment Bases for Institutional Claims. These requirements are not new requirements. Previously, these requirements were discussed in CRs 9613 and 9907, both of which were effective on January 1, 2017. MLN Matters articles for CRs 9613 and 9907 are available at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9613.pdf> and <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9907.pdf>, respectively. Make sure your billing staff is aware of these instructions.

BACKGROUND

Increasingly, hospitals operate off-campus, outpatient, provider-based department of a hospital's facilities. In some cases, these additional locations are in a different payment locality than the main provider. In order for Medicare Physician Fee Schedule (MPFS) and OPPS payments to be accurate, the service facility address of the off-campus, outpatient, provider-based department of a hospital facility is used to determine the locality in these cases.

Additionally, in accordance with Section 1833(t)(21) of the Act, as added by section 603 of the Bipartisan Budget Act of 2015 (Pub. L. 114-74), Non-excepted services provided at an off-campus, outpatient, provider-based department of a hospital were required to be identified as non-excepted items and services billed on an institutional claim and to be paid under the MPFS and not the OPFS rates.

Claim level information:

Medicare outpatient service providers report the service facility location for off-campus, outpatient, provider-based department of a hospital facilities in the 2310E loop of the 837 institutional claim transaction. Direct Data Entry (DDE) submitters also are required to report the service facility location for off-campus, outpatient, provider-based department of a hospital facilities. Paper submitters report the service facility address information in Form Locator (FL) "01" on the paper claim form. For MPFS services, Medicare systems use this service facility information to determine the applicable payment method or locality whenever it is present.

Additionally, Medicare systems will validate service facility location to ensure services are being provided in a Medicare enrolled location. The validation will be exact matching based on the information submitted on the Form CMS-855A submitted by the provider and entered into the Provider Enrollment, Chain and Ownership System (PECOS). Providers need to ensure that the claims data matches their provider enrollment information.

When all the services rendered on the claim are from the billing provider address, providers are:

- To report the billing provider address only in the billing provider loop and not to report any service facility location.

When all the services rendered on the claim are from one campus of a multi-campus provider that report a billing provider address, providers are:

- To report the campus address where the services were rendered in the service facility location if the service facility address is different from the billing provider address.

When all the services rendered on the claim are from the same off-campus, outpatient, provider-based department of a hospital facilities, providers are:

- To report the off-campus, outpatient, provider-based department service facility address in the service facility provider loop.

When there are services rendered on the claim from multiple locations:

- If any services on the claim were rendered at the billing provider address, providers should report the billing provider address only in the billing provider loop 2010AA and do not report the service facility location in loop 2310E.
- If no services on the claim were rendered at the billing provider address, providers should report the service facility address from the first registered encounter of the "From" date on the claim.

NM1 - SERVICE FACILITY LOCATION NAME – 60 Characters 837I – 25, UB-04

N3 - SERVICE FACILITY LOCATION ADDRESS

N301 – 55 Characters 837I – 25 Characters on the UB-04

N302 – 55 Characters 837I – not on UB-04 paper form

N4 - SERVICE FACILITY LOCATION CITY, STATE, ZIP CODE

N401 City Name – 30 Characters 837I – 12 Characters on the UB-04

N402 State Code – 2 Characters 837I – 2 Characters on the UB-04

N403 Postal Code – 15 Characters 837I – 9 Characters on the UB-04

Line level information:

In the CY 2015 OPSS Final Rule (79 FR 66910-66914), the Centers for Medicare & Medicaid Services (CMS) created a HCPCS modifier for hospital claims that is to be reported with each claim line with a HCPCS for outpatient hospital items and services furnished in an off-campus provider-based department (PBD) of a hospital. This 2-digit modifier was added to the HCPCS annual file as of January 1, 2015, with the label “PO.” Reporting of this new modifier was voluntary for CY 2015, with reporting required beginning on January 1, 2016.

In accordance with Section 1833(t)(21) of the Act, as added by section 603 of the Bipartisan Budget Act of 2015 (Pub. L. 114-74), CMS established a new modifier “PN” (Non-expected service provided at an off-campus, outpatient, provider-based department of a hospital) to identify and pay non-expected items and services billed on an institutional claim. Effective January 1, 2017, non-expected off-campus provider-based departments of a hospital are required to report this modifier on each claim line with a HCPCS for non-expected items and services. The use of modifier “PN” will trigger a payment rate under the MPFS. CMS expects the PN modifier to be reported with each non-expected line item and service including those for which payment will not be adjusted, such as separately payable drugs, clinical laboratory tests, and therapy services; with reporting required beginning on January 1, 2017.

As a result, effective January 1, 2017, excepted off-campus provider-based departments of a hospital must continue to report existing modifier “PO” (Services, procedures and/or surgeries provided at off-campus provider-based outpatient departments) for all excepted items and services with a HCPCS furnished.

Billing Examples

No.	Service Facility	Billing Provider	Service Facility Address	Modifier Used
1	Billing provider (Main Campus) Only	Yes	N/A	No "PO" or "PN" Modifier required on billing provider services.
2	Billing Provider (Main Campus), Excepted Off-Campus	Yes	N/A	No "PO" or "PN" Modifier required on Main Campus services. Modifier "PO" required on services with a HCPCS from Excepted Off-Campus.
3	Billing Provider (Main Campus), Non-Excepted Off-Campus	Yes	N/A	No "PO" or "PN" Modifier required on Main Campus services. Modifier "PN" required on services with a HCPCS from Non-Excepted Off-Campus.
4	Billing Provider (Main Campus), Campus of Multi-Campus provider*	Yes	N/A	No "PO" or "PN" Modifier required on billing provider services or other Campus services of a Multi-Campus.
5	Campus of Multi-Campus provider*	Yes	Yes Campus Address*	No "PO" or "PN" Modifier required on billing Campus services of a Multi-Campus.
6	Billing Provider (Main Campus), Excepted Off-Campus, Non-Excepted Off-Campus	Yes	N/A	No "PO" or "PN" Modifier required on Billing Provider services. Modifier "PO" required on services with a HCPCS from Excepted Off-Campus. Modifier "PN" required on services with a HCPCS from Non-Excepted Off-Campus.

No.	Service Facility	Billing Provider	Service Facility Address	Modifier Used
7	Billing Provider (Main Campus), Campus of Multi-Campus provider*, Excepted Off-Campus, Non-Excepted Off-Campus	Yes	N/A	No "PO" or "PN" Modifier required on billing provider services or other Campus services of a Multi-Campus. Modifier "PO" required on services with a HCPCS from Excepted Off-Campus. Modifier "PN" required on services with a HCPCS from Non-Excepted Off-Campus.
8	Campus of Multi-Campus provider*, Excepted Off-Campus, Non-Excepted Off-Campus	Yes	Yes Campus Address*	No "PO" or "PN" Modifier required on billing Campus services of a Multi-Campus. Modifier "PO" required on services with a HCPCS from Excepted Off-Campus. Modifier "PN" required on services with a HCPCS from Non-Excepted Off-Campus.
9	Excepted Off-Campus	Yes	Yes	Modifier "PO" required on all services with a HCPCS.
10	Non-Excepted Off-Campus	Yes	Yes	Modifier "PN" required on all services with a HCPCS.
11	Excepted Off-Campus, Non-Excepted Off-Campus	Yes	Yes First Registered Encounter	Modifier "PO" required on services with a HCPCS from Excepted Off-Campus. Modifier "PN" required on services with a HCPCS from Non-Excepted Off-Campus.

No.	Service Facility	Billing Provider	Service Facility Address	Modifier Used
12	Excepted Off-Campus, Excepted Off-Campus	Yes	Yes First Registered Encounter	Modifier "PO" required on all services with a HCPCS.
13	Non-Excepted Off- Campus, Non-Excepted Off- Campus	Yes	Yes First Registered Encounter	Modifier "PN" required on all services with a HCPCS.

* Campus address is different from Billing Provider address; if the Campus address is the same as the Billing Provider address, follow the billing provider instructions.

ADDITIONAL INFORMATION

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

You may also want to review relevant portions of MLN Matters articles MM9097 and MM9930 at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9097.pdf> and <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9930.pdf>, respectively.

DOCUMENT HISTORY

Date of Change	Description
March 15, 2018	Initial article released.
May 10, 2019	We revised this article to add a link to a related article, SE19007 . That article provided the activation of systematic validation edits to enforce the requirements which describe Payment Bases for Institutional Claims which are described in this article.

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