

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1193</b>	<b>Date: MARCH 9, 2007</b>
	<b>Change Request 5208</b>

***NOTE: This transmittal rescinds and replaces Transmittal 1167, dated January 26, 2007. CR 5391, Transmittal 1187 dated February 23, 2007, inadvertently omitted information from CR 5208, section 80.3.2.1.2. This transmittal has been revised to incorporate the omitted information. All other information remains the same.***

**SUBJECT: Use of 9-Digit ZIP codes for Determining the Correct Payment Locality for Services Paid Under the Medicare Physician Fee Schedule (MPFS) and Anesthesia Services**

**I. SUMMARY OF CHANGES:** Medicare contractors will require the submission of 9-digit ZIP codes for services paid under the MPFS and anesthesia services when provided in a ZIP code area that falls into more than one payment locality. All carriers, fiscal intermediaries, and their standard systems will require changes to accept a revised ZIP code file layout.

This CR shall be implemented over the July and October 2007 releases. The design and analysis phases for the ZIP Code file changes shall be implemented with the July 2007 release and the coding, testing, and implementation phases shall be implemented with the October release.

Requirements for the Provider File Master Address ZIP Code detailed in Requirements 5208.6 - 5208.6.1 shall be implemented with the July 2007 release.

**New / Revised Material**

**Effective Date: October 1, 2007**

**Implementation Date: October 1, 2007**

*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.*

<b>R/N/D</b>	<b>Chapter / Section / Subsection / Title</b>
<b>R</b>	1/10.1.1/Payment Jurisdiction Among Local Carriers for Services Paid Under the Physician Fee Schedule and Anesthesia Services
<b>R</b>	1/10.1.1.1/Claims Processing Instructions for Payment Jurisdiction for Claims Received on or after April 1, 2004
<b>R</b>	1/80.3.2.1.2/Conditional Data Element Requirements for Carriers and DMERCs

**III. FUNDING:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**Business Requirements**

**Manual Instruction**

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

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 1193	Date: March 9, 2007	Change Request 5208
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*NOTE: This transmittal rescinds and replaces Transmittal 1167, dated January 26, 2007. CR 5391, Transmittal 1187 dated February 23, 2007, inadvertently omitted information from CR 5208, section 80.3.2.1.2. This transmittal has been revised to incorporate the omitted information. All other information remains the same.*

**SUBJECT: Use of 9-digit ZIP Codes for Determining the Correct Payment Locality for Services Paid Under the Medicare Physician Fee Schedule (MPFS) and Anesthesia Services**

**This CR shall be implemented over the July and October 2007 releases. The design and analysis phases for the ZIP Code file changes shall be implemented with the July 2007 release and the coding, testing, and implementation phases shall be implemented with the October release.**

**All requirements for the Provider File Master Address ZIP Code detailed in requirements 5208.6 through 5208.6.1 shall be implemented with the July 2007 release.**

## **I. GENERAL INFORMATION**

**A. Background:** Medicare carriers have been directed to determine payment locality for services paid under the MPFS and anesthesia services by using the ZIP code on the claim of where the service was performed. It has come to the attention of CMS that some ZIP codes fall into more than one payment locality. The CMS ZIP code file uses the convention of the United States Postal Service which assigns these ZIP codes into dominant counties. In some cases, though the service may actually be rendered in one county, per the ZIP code it is assigned into a different county. This causes a payment issue when each of the counties has a different payment locality and therefore a different payment amount.

In order to correct this, CMS will require the submission of 9-digit ZIP codes to carriers for services paid under the MPFS and anesthesia services only when the services are provided in those ZIP code areas with which there is a problem except for services provided in Place of Service (POS) "Home," and for any other places of service that contractors currently consider to be the same as "Home." (Currently, there is no requirement for the submission of a ZIP code when the POS is "Home.")

Carriers and fiscal intermediaries (FIs) should note that though some states consist of a single pricing locality, zip codes can overlap states thus necessitating the submission of the 9-digit zip code in order to allow the process to identify the correct pricing locality.

Fiscal intermediaries determine locality based upon the ZIP code of the provider's physical address. This address, including the ZIP code, is stored on the provider file as the master address.

Claims for ambulance and laboratory services will continue to be submitted and priced using 5-digit ZIP codes by the carrier. Claims for ambulance services will continue to be priced using 5-digit ZIP codes by the FI. Laboratory services will continue to be priced by the FI using the locality for non-fee based services. Two ZIP code files will be provided; 5-digit ZIP codes (ZIP5) and 9-digit ZIP codes (ZIP 9).

Corresponding file layouts will also be provided. Quarterly updates will continue to be provided to these files. The 9-digit ZIP code file (ZIP9) will only provide 9-digit ZIP codes for the identified problem areas.

Carriers, FIs, and their standard systems will need to make accommodations to accept a revised file layout for the 5-digit ZIP codes and a new file layout for the 9-digit ZIP codes.

Change Requests (CRs) 5139 and 5338, the rewrite of the Program Integrity Manual will contain updated information on the use of the 9-digit ZIP code on the Form CMS 855-A. The quarterly CRs that currently provide the name of the zip code file will be utilized to announce the ZIP5 and ZIP9 file names at the appropriate times.

**B. Policy:** Services paid under the MPFS and anesthesia services are to be paid based on the payment locality where the service was performed.

## 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 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	
5208.1	Effective for dates of service on or after October 1, 2007, except for services provided in POS “Home,” which shall include any other POS codes the contractors consider to be equivalent to “Home,” contractors shall require a 9-digit ZIP code to be entered for services paid under the MPFS and anesthesia services with the address that represents where the service was performed only when provided in one of the ZIP code areas on the attached list. (Attachment 3)			X			X			
5208.1.1	As services on the Purchased Diagnostic Abstract file are all payable under the MPFS, contractors shall apply the requirements for 9-digit zip codes to those codes as well.			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				Other
						F I S S	M C S	V M S	C W F	
5208.1.2	Contractors shall note that the following BRs, excluding 5208.6 through 5208.10 only apply to the subset of claims described in BR 5208.1.			X			X			
5208.1.2	Contractors shall find specific requirements for where the address information must be entered in Pub. 100-04, Chapter 1, Section 10.1.1.1.			X			X			
5208.2	Effective for dates of service on or after October 1, 2007, contractors shall implement the attached revised file layout for the 5-digit ZIP code file (ZIP5) which contains the Plus-four flag. (Attachment 1)	X		X		X	X			
5208.2.1	Contractors shall be notified through e-mail in mid-July 2007 of the availability of a test file for the revised 5-digit zip code file (ZIP5).	X		X		X	X			
5208.3	Effective for dates of service on or after October 1, 2007, contractors shall implement the attached revised file layout for the 9-digit ZIP code file (ZIP9). (Attachment 2)	X		X		X	X			
5208.3.1	Contractors shall be notified through e-mail in mid-July 2007 of the availability of a test file for the new 9-digit zip code file (ZIP9).	X		X		X	X			
5208.4	Contractors shall first search the ZIP5 file using the 5-digit service facility location ZIP code.			X			X			
5208.4.1	When a match is found on the ZIP5 file and the Plus-four flag is set to 1, the contractors shall then determine if the claim includes the Plus four ZIP code extension.			X			X			
5208.4.1.1	If the Plus four ZIP code extension is present on the claim, the contractors shall search the ZIP9 file using the 9-digit service facility location ZIP code and price the claim using the carrier/locality on the ZIP9 File.			X			X			
5208.4.1.2	If the Plus four ZIP code extension is required and is not present on the claim, the contractors shall treat the claim as unprocessable.			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				Other
						F I S S	M C S	V M S	C W F	
5208.4.1.3	If the Plus four ZIP code extension is required and is present on the claim, but does not match a 4-digit extension on file, the contractors shall manually verify the 4-digit extension to identify a potential coding error on the claim or a new 4-digit extension established by the United States Postal Service (USPS).			X			X			
5208.4.1.3.1	Contractors shall find ZIP code and county information at the USPS Web site at <a href="http://www.usps.com/">http://www.usps.com/</a> , or consult other commercially available sources of ZIP code information.			X						
5208.4.1.3.2	If this process validates the 4-digit extension, contractors shall process the claim.			X						
5208.4.1.3.2.1	Contractors shall use the “Revision to Payment Policies Under the Physician Fee Schedule” that is published annually in the <u>Federal Register</u> , or any other resource they may have, to determine the appropriate payment locality for the ZIP code with the new 4-digit extension.			X						
5208.4.1.3.3	If this process does not validate the 4-digit extension, contractors shall treat the claim as unprocessable.			X						
520 8.4.1.4	Contractors shall return the following Remittance Advice and Remark Code Messages when the claim is unprocessable:  Adjustment Reason Code 16 – Claim/service lacks information which is needed for adjudication. Additional information is supplied using remittance advice remark codes whenever appropriate.  Remark Code MA 130 – Your claim contains incomplete and/or invalid information, and no appeals rights are afforded because the claim is unprocessable. Please submit a new claim with			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				Other
						F I S S	M C S	V M S	C W F	
	the complete/correct information.  Remark Code MA114 – Missing/incomplete/information on where the services were furnished.									
5208.4.2	When a match is found on the ZIP5 File and the Plus-four flag is set to 0, the contractor shall then price the claim using the carrier/locality on the ZIP5 file regardless of whether a 4-digit extension has been included.			X		X				
5208.5	Contractors processing ambulance and laboratory services shall continue to require only the submission of a 5-digit ZIP code for those services.	X		X		X	X			
5208.5.1	Contractors shall use the 5-digit ZIP code file (ZIP5) to correctly determine the pricing locality for these services.	X		X		X	X			
5208.6	Contractors shall educate providers beginning July 01, 2007 that claims with dates of service on or after October 01, 2007 shall be returned to the provider (RTP) as unprocessable when the plus-four flag is set to ‘1’ and the provider file master address ZIP code is 5-digits, the last 4-digits of a 9-digit ZIP code are zeroes, or the last 4-digits of a 9-digit ZIP code do not match a 4-digit extension on the ZIP code file.	X								
5208.6.1	Contractors shall educate providers beginning July 01, 2007 that the practice location ZIP code must be updated on a CMS-855A in order to update the provider file master address ZIP code with a valid 9-digit ZIP code for claims that are RTPd for an invalid 9-digit ZIP code.  <b>NOTE:</b> Change Request 4094, transmittal number 250, dated November 17, 2006 states that fiscal intermediary standard system (FISS) master provider file fields can only be updated with data from the Provider Enrollment, Chain	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		
	and Ownership System (PECOS).								
5208.7	Effective for dates of service on or after October 01, 2007, the FI shall price the claim using the locality associated with the 5-digit ZIP code when the plus-four flag is set to ‘0’.	X							
5208.8	Effective for dates of service on or after October 01, 2007, the FI shall price the claim using the locality associated with the 9-digit ZIP code when the plus-four flag is set to ‘1’.	X							
5208.9	Effective for dates of service on or after October 01, 2007, the FISS shall RTP claims paid based upon the provider’s locality when the plus-four flag is set to ‘1’ and the provider file master address ZIP code is 5-digits, the last 4-digits of a 9-digit ZIP code are zeroes, or the last 4-digits of a 9-digit ZIP code do not match a 4-digit extension on the ZIP code file.					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			
F I S S	M C S					V M S	C W F		
5208.10	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/medlearn/matters">www.cms.hhs.gov/medlearn/matters</a> shortly after the CR is released. You will receive notification of the article release via the 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	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		
	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.								

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions: N/A**

X-Ref Requirement #	Instructions

**B. Design Considerations: N/A**

X-Ref Requirement #	Recommendation for Medicare System 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><b>Effective Date*:</b> July 1, 2007 for Provider File Master Address ZIP Code requirements (5208.6 – 5208.6.1).</p> <p>October 1, 2007 for changes related to the ZIP Code</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.</b></p>
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file.

**Implementation Date:** July 3, 2007 for design and analysis of ZIP Code file.

July 3, 2007 for Provider File Master Address ZIP Code requirements (5208.6 – 5208.6.1).

October 1, 2007 for Coding, testing, and implementation of the ZIP Code file.

**Pre-Implementation Contact(s):** Carrier claims processing - Leslie Trazzi; [leslie.trazzi@cms.hhs.gov](mailto:leslie.trazzi@cms.hhs.gov); Fiscal intermediary claims processing; Susan Guerin at (410) 786-6138 or [susan.guerin@cms.hhs.gov](mailto:susan.guerin@cms.hhs.gov)

**Post-Implementation Contact(s):** Regional Office; [www.cms.hhs.gov/RegionalOffices/](http://www.cms.hhs.gov/RegionalOffices/)

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

Attachment(s)

## ZIP5 Code to Locality Record Layout

(Effective for dates of service on or after October 1, 2007.)

<u>Field Name</u>	<u>Beg. Position</u>	<u>End Position</u>	<u>Length</u>	<u>Comments</u>
State	1	2	2	
Zip Code	3	7	5	
Carrier	8	12	5	
Pricing Locality	13	14	2	
Rural Indicator	15	15	1	blank=urban, R=rural, B=super rural
<b>Bene. LAB CB Locality</b>	16	17	2	<b>Lab competitive bid locality</b> <b>Z1 = CBA 1</b> <b>Z2 = CBA 2</b> <b>Z9 = Not a demonstration locality</b>
Filler	18	20	3	
Plus Four Flag	21	21	1	0 = no +4 extension, 1 = +4 extension
Filler	22	75	54	
Year/Quarter	76	80	5	YYYYQ

## ZIP9 Code to Locality Record Layout

(Effective for dates of service on or after October 1, 2007.)

<u>Field Name</u>	<u>Beg. Position</u>	<u>End Position</u>	<u>Length</u>	<u>Comments</u>
State	1	2	2	
Zip Code	3	7	5	
Carrier	8	12	5	
Pricing Locality	13	14	2	
Rural Indicator	15	15	1	blank=urban, R=rural, B=super rural
Filler	16	20	5	
Plus Four Flag	21	21	1	0 = no +4 extension, 1 = +4 extension
Plus Four	22	25	4	
Filler	26	75	50	
Year/Quarter	76	80	5	YYYYQ

Attachment 3

ZIPCODE STATE

01432	MA
01434	MA
01930	MA
02324	MA
02339	MA
02762	MA
03579	NH
03813	NH
07735	NJ
07747	NJ
08512	NJ
08525	NJ
08530	NJ
08540	NJ
08558	NJ
08560	NJ
10505	NY
10541	NY
10579	NY
11001	NY
11040	NY
11096	NY
12167	NY
12434	NY
13750	NY
17527	PA
17555	PA
18036	PA
18041	PA
18042	PA
18055	PA
18070	PA
18077	PA
18092	PA
18951	PA
19087	PA
19310	PA
19344	PA
19362	PA
19363	PA
19464	PA
19504	PA

19505	PA
19512	PA
19520	PA
19525	PA
19543	PA
19952	DE
19973	DE
20120	VA
20135	VA
20601	MD
20607	MD
20613	MD
20714	MD
20736	MD
20754	MD
20842	MD
20871	MD
21757	MD
21771	MD
21776	MD
21787	MD
21791	MD
22066	VA
30011	GA
30014	GA
30019	GA
30025	GA
30040	GA
30055	GA
30056	GA
30101	GA
30102	GA
30107	GA
30120	GA
30135	GA
30143	GA
30153	GA
30178	GA
30179	GA
30180	GA
30183	GA
30184	GA
30185	GA
30187	GA
30205	GA
30223	GA

30224	GA
30228	GA
30233	GA
30234	GA
30248	GA
30268	GA
30276	GA
30506	GA
30517	GA
30518	GA
30519	GA
30534	GA
30548	GA
30559	GA
30620	GA
30641	GA
30650	GA
30663	GA
30730	GA
31029	GA
32948	FL
33440	FL
33917	FL
33920	FL
33955	FL
33972	FL
34141	FL
34142	FL
34972	FL
34974	FL
37317	TN
37391	TN
37821	TN
38326	TN
40965	KY
42079	KY
42223	KY
42602	KY
48005	MI
48041	MI
48062	MI
48118	MI
48137	MI
48160	MI
48166	MI
48169	MI

48178	MI
48189	MI
48353	MI
48371	MI
48380	MI
48428	MI
48430	MI
48438	MI
48439	MI
48442	MI
48455	MI
48462	MI
49229	MI
49236	MI
49240	MI
49285	MI
51630	IA
51640	IA
52542	IA
52573	IA
52626	IA
52761	IA
54540	WI
56136	MN
56144	MN
56164	MN
56219	MN
56220	MN
56257	MN
56744	MN
57005	SD
57026	SD
57030	SD
57034	SD
57068	SD
57078	SD
57255	SD
57260	SD
57270	SD
57430	SD
57437	SD
57441	SD
57446	SD
57457	SD
57523	SD
57632	SD



57638	SD
57641	SD
57642	SD
57645	SD
57648	SD
57660	SD
57717	SD
57724	SD
58030	ND
58041	ND
58043	ND
58053	ND
58225	ND
58413	ND
58436	ND
58439	ND
58568	ND
58623	ND
58653	ND
59030	MT
59847	MT
60007	IL
60010	IL
60013	IL
60015	IL
60021	IL
60042	IL
60050	IL
60051	IL
60074	IL
60081	IL
60089	IL
60090	IL
60102	IL
60103	IL
60118	IL
60120	IL
60126	IL
60133	IL
60140	IL
60142	IL
60151	IL
60172	IL
60178	IL
60401	IL
60407	IL

60410	IL
60416	IL
60423	IL
60431	IL
60432	IL
60439	IL
60447	IL
60449	IL
60464	IL
60466	IL
60467	IL
60468	IL
60475	IL
60477	IL
60481	IL
60504	IL
60506	IL
60511	IL
60521	IL
60523	IL
60527	IL
60538	IL
60543	IL
60544	IL
60554	IL
60559	IL
60935	IL
60940	IL
60950	IL
62031	IL
62044	IL
62052	IL
62053	IL
62054	IL
62075	IL
62080	IL
62081	IL
62082	IL
62083	IL
62231	IL
62237	IL
62238	IL
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62262	IL
62263	IL
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62272	IL
62280	IL
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62355	IL
62361	IL
62366	IL
62538	IL
62546	IL
62553	IL
62557	IL
62558	IL
62630	IL
62638	IL
62643	IL
62667	IL
62690	IL
62692	IL
62801	IL
62808	IL
62831	IL
62877	IL
62882	IL
62883	IL
62907	IL
62916	IL
63005	MO
63015	MO
63020	MO
63023	MO
63028	MO
63030	MO
63041	MO
63060	MO
63069	MO
63071	MO
63072	MO
63087	MO
63348	MO
63357	MO
63535	MO
63548	MO
63627	MO
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64034	MO
64048	MO
64061	MO

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64070	MO
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64077	MO
64080	MO
64082	MO
64147	MO
64439	MO
64444	MO
64484	MO
64492	MO
64733	MO
64784	MO
66012	KS
66013	KS
66018	KS
66021	KS
66025	KS
66083	KS
66102	KS
66109	KS
66112	KS
68719	NE
68755	NE
68777	NE
69168	NE
69212	NE
69216	NE
69352	NE
69358	NE
71749	AR
71953	AR
72338	AR
72395	AR
72444	AR
72644	AR
75007	TX
75019	TX
75028	TX
75044	TX
75048	TX
75050	TX
75051	TX
75052	TX
75054	TX
75067	TX

75080	TX
75082	TX
75088	TX
75089	TX
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75115	TX
75125	TX
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75159	TX
75182	TX
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75252	TX
75287	TX
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75844	TX
75847	TX
75851	TX
75856	TX
75862	TX
76008	TX
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76028	TX
76036	TX
76051	TX
76052	TX
76063	TX
76065	TX
76071	TX
76092	TX
76108	TX
76126	TX
76177	TX
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78950	TX
78954	TX
79835	TX
79922	TX
79932	TX
82063	WY
82082	WY
82240	WY
82716	WY
82725	WY
82731	WY
82930	WY
83114	WY
83120	WY
83127	WY
83342	ID
83856	ID
85534	AZ
89061	NV
90265	CA
90623	CA
90630	CA
90631	CA
90638	CA
91304	CA
91307	CA
91311	CA
91361	CA
91362	CA
91709	CA
91766	CA
91792	CA
93013	CA
93243	CA
93252	CA
93536	CA
93560	CA

94303	CA
94514	CA
94515	CA
94550	CA
94571	CA
95023	CA
95033	CA
95076	CA
95304	CA
95377	CA
95391	CA
95476	CA
95616	CA
95690	CA
95694	CA
96056	CA
97002	OR
97014	OR
97032	OR
97056	OR
97064	OR
97071	OR
97119	OR
97123	OR
97128	OR
97132	OR
97140	OR
97231	OR
97362	OR
97375	OR
98019	WA
98022	WA
98047	WA
98072	WA
98077	WA
98092	WA
98177	WA
98251	WA
98354	WA
99033	WA
99128	WA

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## **10.1.1 - Payment Jurisdiction Among Local Carriers for Services Paid Under the Physician Fee Schedule and Anesthesia Services**

*(Rev. 1193, Issued: 03-09-07; Effective: 10-01-07; Implementation: 10-01-07)*

The jurisdiction for processing a request for payment for services paid under the Medicare Physician Fee Schedule (MPFS) and for anesthesia services is governed by the payment locality where the service is furnished and will be based on the ZIP code. Though a number of additional services appear on the MPFS database, these payment jurisdiction rules apply only to those services actually paid under the MPFS and to anesthesia services. (For example, it does not apply to clinical lab, ambulance or drug claims.)

Effective for claims received on or after April 1, 2004, carriers must use the ZIP code of the location where the service was rendered to determine carrier jurisdiction over the claim and the correct payment locality. *Effective for dates of service on or after October 1, 2007, except for services provided in POS "Home," if they are not already doing so, contractors shall use the CMS zip code file along with the zip code submitted on the claim with the address that represents where the service was performed to determine the correct payment locality. (See section 10.1.1.1 for instructions on when a 9-digit ZIP code is required.)*

When a physician, practitioner, or supplier furnishes physician fee schedule or anesthesia services in payment localities that span more than one carrier's service area (e.g., provider has separate offices in multiple localities and/or multiple carriers), separate claims must be submitted to the appropriate area carriers for processing. For example, when a physician with an office in Illinois furnishes services outside the office setting (e.g., home, hospital, SNF visits) and that out-of-office service location is in another carrier's service area (e.g., Indiana), the carrier which processes claims for the payment locality where the out of office service was furnished has jurisdiction for that service. It is the carrier with the correct physician fee schedule pricing data for the location where the service was furnished. In the majority of cases, the physician fee schedule or anesthesia services provided by physicians are within the same carrier jurisdiction that the physicians' office(s) is/are located.

Although pricing rules for services paid under the MPFS remain in effect, effective for claims with dates of service on or after January 25, 2005, suppliers (including laboratories, physicians, and independent diagnostic testing facilities [IDTFs]) must bill their local carrier for all purchased diagnostic tests/interpretations, regardless of the location where the purchased service was furnished. Beginning in 2005, and in each subsequent calendar year (CY) thereafter, CMS will provide carriers with a national abstract file containing Healthcare Common Procedural Coding System (HCPCS) codes that are payable under the MPFS as either a purchased test or interpretation for the year. In addition, CMS will make quarterly updates to the abstract file to add and/or delete codes, as needed, in conjunction with the MFSDB quarterly updates. As with all other services payable under the MPFS, the ZIP code of the locality in which the service was furnished determines the payment amount. Refer to §30.2.9 for the supplier billing requirements applicable to purchased diagnostic services.

#### **A. Multiple Offices**

In states with multiple physician fee schedule pricing localities or where a provider has multiple offices located in two or more states, or there is more than one carrier servicing a particular state, physicians, suppliers and group practices with multiple offices in such areas must identify the specific location where office-based services were performed. This is to insure correct claim processing jurisdiction and/or correct pricing of MPFS and anesthesia services. The carrier must ensure that multiple office situations are cross-referenced within its system. If a physician/group with offices in more than one MPFS pricing locality or a multi-carrier state fails to specify the location where an office-based service was furnished, the carrier will return/reject the claim as unprocessable.

Physicians, suppliers, and group practices that furnish physician fee schedule services at more than one office/practice location may submit their claims through one office to the carrier for processing. However, the specific location where the services were furnished must be entered on the claim so the carrier has the ZIP code, can determine the correct claims processing jurisdiction, and can apply the correct physician fee schedule amount.

#### **B. Service Provided at a Place of Service Other than Home-12 or Office-11**

For claims submitted prior to April 1, 2004, in order to determine claims jurisdiction, Medicare approved charges, Medicare payment amounts, Medicare limiting charges and beneficiary liability, Part B fee-for-service claims for services furnished in other than in an office setting or a beneficiary's home must include information specifying where the service was provided.

Effective for claims received on or after April 1, 2004, claims for services furnished in all places of service other than a beneficiary's home must include information specifying where the service was provided. Carriers must use the address on the beneficiary files when place of service (POS) is home - 12, or any other mechanism currently in place to determine pricing locality when POS is home - 12. *Carriers shall take this same action for any other POS codes they currently treat as POS home.*

#### **C. Outside Carrier Jurisdiction**

If carriers receive claims outside of their jurisdiction, they must follow resolution procedures in accordance with the instructions in 10.1.9. If they receive a significant volume or experiences repeated incidences of misdirected Medicare Physician Fee Schedule or anesthesia services from a particular provider, an educational contact may be warranted.

#### **D. HMO Claims**

For services that HMOs are not required to furnish, carriers process claims for items or services provided to an HMO member over which they have jurisdiction in the same manner as they process other Part B claims for items or services provided by physicians or suppliers. Generally, the physician/supplier who provides in-plan services to its HMO members submits a bill directly to the HMO for payment and normally does not get involved in processing the claim. However, in some cases, claims for services to HMO members are also submitted to carriers, e.g., where claims are received from physicians for dialysis and related services provided through a related dialysis facility.

### **10.1.1.1 - Claims Processing Instructions for Payment Jurisdiction for Claims Received on or after April 1, 2004**

*(Rev. 1193, Issued: 03-09-07; Effective: 10-01-07; Implementation: 10-01-07)*

Provided below are separate instructions for processing electronic claims using the ANSI X12N 837 format and paper claims. No changes will be required in either submission or processing for claims for services subject to jurisdictional pricing for services paid under the Medicare physician fee schedule and anesthesia services submitted on the National Standard Format. See §30.2.9 and Chapter 12 for additional information on purchased tests.

#### **A. ANSI X12N 837 *P* Electronic Claims**

Please note that the following instructions do not apply to services rendered at POS home -12. For services rendered at POS home -12, use the address on the beneficiary file (or wherever else the beneficiary information is currently being stored) to determine pricing locality. (See §10.1.1.)

Per the implementation guide of the 4010/4010A1 version of the ANSI X12N 837 *P*, it is acceptable for claims to contain the code for POS home and any number of additional POS codes. If different POS codes are used for services on the claim, a corresponding service facility location and address must be entered for each service at the line level, if that location is different from the billing provider, pay-to-provider, or claim level service facility location. Pay the service based on the ZIP code of the service facility location, billing provider address, or pay-to provider address depending upon which information is provided.

Refer to the current implementation guide of the ANSI X12N 837 *P* to determine how information concerning where a service was rendered, the service facility location, must be entered on a claim. Per the documentation, though an address may not appear in the loop named “service facility address,” the information may still be available on the claim in a related loop.

**EXAMPLE:** On version 4010/4010A of the ANSI X12N 837 *P* electronic claim format, the Billing Provider loop 2010AA is required and therefore must always be entered. If the Pay-To Provider Name and Address loop 2010AB is the same as the Billing Provider, only the Billing Provider will be entered. If no Pay-To Provider Name and Address is entered in loop 2010AB, and the Service Facility Location loop 2310D (claim level) or 2420C (line level) is the same as the Billing Provider, then only the Billing Provider will be entered. In this case, price the service based on the Billing Provider ZIP code.

**EXCEPTION:** For DMERC claims - Effective for claims received on or after 1/1/05, the Standard System shall not evaluate the 2010AA loop for a valid place of service. If there is no entry in the 2420C loop or the 2310D loop, the claim shall be returned as unprocessable.

- If the Pay-To Provider Name and Address loop 2010AB is not the same as the Billing Provider, both will be entered. If the Service Facility Location loop 2310D is not the same as the Billing Provider or the Pay-To Provider, the Service Facility Location loop 2310D (claim level) will be entered. Price the service based on the

ZIP code in Service Facility Location loop 2310D, unless the 2420C (line level) is also entered. In that case, price the service based on the ZIP code in the Service Facility Location loop 2420C (line level) for that line.

Make any necessary accommodations in claims processing systems to accept either the header level or line level information as appropriate and process the claims accordingly. No longer use the provider address on file when the POS is office to determine pricing locality and jurisdiction. Appropriate information from the claim must always be used.

In the following situation, per the information in the 4010/4010A1 version of the ANSI X12N 837 *P*, the place where the service was rendered cannot be identified from the claim. In this situation, price all services on the claim based on the ZIP code in the Billing Provider loop. Continue to take this action until such time as the ASC documentation is revised to allow for identification of where the service was rendered to be identified from the claim.

If the Pay-To Provider Name and Address loop 2010AB is not the same as the Billing Provider, both will be entered. If the Service Facility Location loop 2310D (claim level) or 2420C (line level) is the same as the Billing Provider or the Pay-To Provider, no entry is required per version 4010/4010A1 for Service Facility Location loop 2310D (claim level) or 2420C (line level).

When the same POS code and same service location address is applicable to each service line on the claim, the service facility location name and address must be entered at the claim level loop 2310D.

In general, when the service facility location name and address is entered only at the claim level, use the ZIP code of that address to determine pricing locality for each of the services on the claim. When entered at the line level, the ZIP code for each line must be used.

If the POS code is the same for all services, but the services were provided at different addresses, each service must be submitted with line level information. This will provide a ZIP code to price each service on the claim.

## **B. Paper Claims Submitted on the Form CMS-1500**

Note that the following instructions do not apply to services rendered at POS home – 12 *or any other places of service contractors consider to be Home*. (See §10.1.1.1)

It is acceptable for claims to contain POS home and an additional POS code. No service address for POS home needs to be entered for the service rendered at POS home in this situation as the address will be drawn from the beneficiary file (or wherever else the carrier is currently storing the beneficiary information) and the information on the claim will apply to the other POS.

The provider must submit separate claims for each POS. The specific location where the services were furnished must be entered on the claim. Use the ZIP code of the address entered in Item 32 to price the claim. If multiple POS codes are submitted on the same claim, treat assigned claims as unprocessable and follow the instructions in §§80.3.1. Carriers must continue to follow their current procedures for handling unprocessable unassigned claims.

Use the following messages:

Remittance Advice – Adjustment Reason Code 16 – “Claim/service lacks information which is needed for adjudication. Additional information is supplied using remittance advice remark codes whenever appropriate.”

Remark Code –M77 – “Missing/incomplete/invalid place of service.”

MSN - 9.2 – “This item or service was denied because information required to make payment was missing.”

If the contractor receives a fee-for-service claim containing one or more services for which the MPFS payment locality is in another carrier’s jurisdiction, handle in accordance with the instructions in §§10.1.9. If you receive a significant volume or experience repeated incidences of misdirected Medicare Physician Fee Schedule claims/services from a particular provider, an educational contact may be warranted. Handle misdirected claims/services for HMO enrollees in accordance with §10.1.1.C and D.

***C. Determining the Correct Payment Locality for Services Paid Under the Medicare Physician Fee Schedule (MPFS) and Anesthesia Services When Rendered in a Payment Locality that Crosses ZIP Code Areas***

*Per the instructions above, Medicare carriers have been directed to determine the payment locality for services paid under the MPFS and anesthesia services by using the ZIP code on the claim of where the service was performed. It has come to the attention of CMS that some ZIP codes fall into more than one payment locality. The CMS ZIP code file uses the convention of the United States Postal Service which assigns these ZIP codes into dominant counties. In some cases, though the service may actually be rendered in one county, per the ZIP code it is assigned into a different county. This causes a payment issue when each of the counties has a different payment locality and therefore a different payment amount. Please note that as the services on the Purchased Diagnostic Test Abstract file are payable under the MPFS, the 9-digit ZIP code requirements will also apply to those codes.*

*Effective for dates of service on or after October 1, 2007, CMS shall provide a list of the ZIP codes that cross localities as well as provide quarterly updates when necessary. The CMS ZIP code file shall be revised to two files: one for 5-digit ZIP codes (ZIP5) and one for 9-digit ZIP codes (ZIP9). Providers performing services paid under the MPFS, anesthesia services, or any other services as described above, in those ZIP codes that cross payment localities shall be required to submit the 9-digit ZIP codes on the claim for where the service was rendered. Claims for services payable under the MPFS and anesthesia services that are NOT performed in one of the ZIP code areas that cross localities may continue to be submitted with 5-digit ZIP codes.*

*It should be noted that though some states consist of a single pricing locality, zip codes can overlap states thus necessitating the submission of the 9-digit zip code in order to allow the process to identify the correct pricing locality.*

*Claims received with a 5-digit ZIP code that is one of the ZIP codes that cross localities and therefore requires a 9-digit ZIP code to be processed shall be treated as unprocessable.*

*For claims received that require a 9-digit zip code with a 4 digit extension that does not match a 4-digit extension on file, manually verify the 4 digit extension to identify a potential coding error on the claim or a new 4-digit extension established by the U.S. Postal Service (USPS). ZIP code and county information may be found at the USPS Web site at <http://www.usps.com/>, or other commercially available sources of ZIP code information may be consulted. If this process validates the ZIP code, the claim may be processed. The “Revision to Payment Policies Under the Physician Fee Schedule” that is published annually in the Federal Register, or any other available resource, may be used to determine the appropriate payment locality for the ZIP code with the new 4-digit extension.*

*If this process does not validate the ZIP code, the claim must be treated as unprocessable.*

*The following Remittance Advice and Remark Code messages shall be returned for the unprocessable claims:*

*Adjustment Reason Code 16 – Claim/service lacks information which is needed for adjudication. Additional information is supplied using remittance advice remark codes whenever appropriate.*

*Remark Code MA 130 – Your claim contains incomplete and/or invalid information, and no appeals rights are afforded because the claim is unprocessable. Please submit a new claim with the complete/correct information.*

*Remark Code MA114 – Missing/incomplete/ information on where the services were furnished.*

*Should a service be performed in a zip code area that does not require the submission of the 9-digit zip code, but the 4-digit extension has been included anyway, carriers shall price the claim using the carrier/locality on the ZIP5 file and ignore the 4-digit extension.*

### 80.3.2.1.2 - Conditional Data Element Requirements for Carriers and DMERCs

*(Rev. 1193, Issued: 03-09-07; Effective: 10-01-07; Implementation: 10-01-07)*

#### A. Universal Requirements

The following instruction describes “conditional” data element requirements, which are applicable to assigned carrier claims. This instruction is minimal and does not include all “conditional” data element requirements, which are universal for processing claims. The CMS has specified which remark code(s) should be used when a claim fails a particular “return as unprocessable” edit and a remittance advice is used to return the claim. In addition to the specified remark code(s), carriers must include Remark Code MA130 on returned claim(s). Reason code(s) must also be reported on every remittance advice used to return a claim or part of a claim as unprocessable.

Items from the Form CMS-1500 (hardcopy) have been provided. These items are referred to as fields in the instruction. A crosswalk between Form CMS-1500 items and records and fields on the NSF can be found in Exhibit 1.

Carriers must return a claim as unprocessable to the supplier/provider of service:

- a. If a service was ordered or referred by a physician, physician assistant, nurse practitioner, or clinical nurse specialist (other than those services specified in Claim Specific Requirements) and his/her name and/or UPIN (or NPI when effective) is not present in item 17 or 17a. *or if the NPI is not entered in item 17b. of the Form CMS-1500 (08/05) when the NPI is effective.* (Remark code *N285* or *N286* is used)
- b. If a physician extender or other limited licensed practitioner refers a patient for consultative services, but the name and/or UPIN (or NPI when effective) of the supervising physician is not entered in items 17 or 17a. (Remark code *N269* or *N270* is used.)
- c. For diagnostic tests subject to purchase price limitations:
  1. If a “YES” or “NO” is not indicated in item 20. (Remark code M12 is used.)
  2. If the “YES” box is checked in item 20 and the purchase price is not entered under the word “\$CHARGES.” (Remark code MA111 is used.)
  3. If the “YES” box is checked in item 20 and the purchase price is entered under “\$CHARGES”, but the supplier’s name, address, ZIP code, and PIN are not entered in item 32 *or if the NPI is not entered into item 32a. of the Form CMS-1500 (08/05) when the NPI is effective* when billing for purchased diagnostic tests. (Remark code *N256, N257, or N258* are used.)

Entries 4 – 8 are effective for claims received on or after April 1, 2004:

4. On the Form CMS-1500, if the “YES” box is checked in Item 20, and more than one test is billed on the claim;
5. On the Form CMS-1500, if both the interpretation and test are billed on the same claim and the dates of service and places of service do not match;

6. On the Form CMS-1500, if the “YES” box is checked in Item 20, both the interpretation and test are submitted and the date of service and place of service codes do not match.
  7. On the ANSI X12N 837 electronic format, if there is an indication on the claim that a test has been purchased, more than one test is billed on the claim, and line level information for each total purchased service amount is not submitted for each test.
  8. On the Form CMS-1500 if the “YES” box is checked in Item 20 and on the ANSI X12N 837 electronic format if there is an indication on the claim that a test has been purchased, and the service is billed using a global code rather than having each component billed as a separate line item.
- d. If a provider of service or supplier is required to submit a diagnosis in item 21 and either an ICD-9CM code is missing, incorrect or truncated; or a narrative diagnosis was not provided on an attachment. (Remark code M81 *or M76 are* used.)
  - e. If modifiers “QB” and “QU” *or, effective on or after January 1, 2006, the modifier "AQ"* are entered in item 24D indicating that the service was rendered in a Health Professional Shortage Area, but where the place of service is other than the patient’s home or the physician’s office, the name, address, and ZIP code of the facility where the services were furnished are not entered in item 32. (Remark code MA115 is used.) Effective for claims received on or after April 1, 2004, the name, address, and ZIP code of the service location for all services other than those furnished in place of service home – 12 must be entered.
  - f. If a performing physician, physician assistant, nurse practitioner, clinical nurse specialist, supplier/or other practitioner is a member of a group practice and does not enter his or her PIN in item 24K *or if the NPI is not entered into item 24J of Form CMS-1500 (08-05) when the NPI is effective* and the group practice’s PIN (or NPI when effective) in item 33. (Remark code MA112 is used.)
  - g. If a primary insurer to Medicare is indicated in item 11, but items 4, 6, and 7 are incomplete. (Remark code(s) MA64, MA88, MA89, or MA92 as appropriate for the missing piece(s) of data *are* used.)
  - h. If there is insurance primary to Medicare that is indicated in item 11 by either an insured/group policy number or the Federal Employee Compensation Act number, but a Payer or Plan identification number (use PlanID when effective) is not entered in field 11C, or the primary payer’s program or plan name when a Payer or Plan ID (use PlanID when effective) does not exist. (Remark code *MA92 or N245* is used.)
  - i. If a HCPCS code modifier must be associated with a HCPCS procedure code or if the HCPCS code modifier is invalid or obsolete. (Remark code M20 if there is a modifier but no HCPCS.)
  - j. If a date of service extends more than 1 day and a valid “to” date is not present in item 24A. (Remark code M59 is used.)



- k. If an “unlisted procedure code” or a “not otherwise classified” (NOC) code is indicated in item 24D, but an accompanying narrative is not present in item 19 or on an attachment. (Remark code M51 is used.)
- l. If the name, address, and ZIP code of the facility where the service was furnished in a hospital, clinic, laboratory, or facility other than the patient’s home or physician’s office is not entered in item 32. Effective for claims received on or after April 1, 2004, the name, address, and ZIP code of the service location for all services other than those furnished in place of service home – 12 must be entered. (*Remark code MA114 is used.*)

*Effective for claims with dates of service on or after October 1, 2007, the name, address, and 9-digit ZIP code of the service location for services paid under the Medicare Physician Fee Schedule and anesthesia services, other than those furnished in place of service home – 12, and any other places of service contractors treat as home, must be entered according to Pub. 100-04, Chapter 1, sections 10.1.1 and 10.1.1.1. (Remark code MA114 is used.)*

*Effective for claims with dates of service on or after October 1, 2007, for claims received that require a 9-digit zip code with a 4 digit extension, a 4-digit extension that matches one of the ZIP9 file or a 4-digit extension that can be verified according to Pub. 100-04, Chapter 1, sections 10.1.1 and 10.1.1.1 must be entered on the claim. (Remark code MA114 is used.)*

- m. Effective for claims received on or after April 1, 2004, if more than one name, address, and ZIP code is entered on the Form CMS-1500 in item 32.