

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13995	Date: October 8, 2026
	Change Request 14582

SUBJECT: Enhancing Compliance and Payment Accuracy for Physician Services in Skilled Nursing Facilities-Update

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to direct the Common Working File (CWF) to write a one-time utility that generates the Informational Unsolicited Response (IUR) ‘7303’ logic to professional claim detail lines with Dates of Service (DOS) from May 11, 2023, through December 31, 2024, ensuring correct Place of Service (POS) reporting and consistent claims processing.

EFFECTIVE DATE: April 1, 2027

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

IMPLEMENTATION DATE: April 5, 2027

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	N/A

III. FUNDING:

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 Requirement

Attachment - Business Requirements

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II. GENERAL INFORMATION

A. Background: Medicare pays practitioners separately for physician services, distinct from payments made to inpatient facilities, SNF or hospital. Practitioners report a two-digit POS code on Medicare claim lines, reflecting where the service was furnished. The Office of Inspector General's (OIG) analysis revealed that practitioners do not always follow the Centers for Medicare & Medicaid Services' (CMS) regulations and guidance when reporting the appropriate code for where they rendered services. This non-compliance increases the risk of Medicare making overpayments for physician services provided to inpatients of SNFs or hospitals. The primary issue is the incorrect use of POS codes. Practitioners sometimes apply the non-facility POS code 32 (indicating services were provided to a beneficiary in a Nursing Facility (NF) or during a non-covered SNF stay when, in fact, the beneficiary was covered under Part A. The correct POS code to be used during a Part A stay in a SNF is POS code 31. This misclassification results in overpayments and undermines payment accuracy.

B. Policy: POS codes are used to identify the setting in which a beneficiary receives a physicians' service. POS codes are two-digit codes placed on health care professional claims. The CMS currently maintains the national POS code set that is used throughout the health care industry. The national POS code set contains a series of individual codes that encompass the different settings in which beneficiaries receive care.

POS code 31 is used for services furnished in SNFs for beneficiaries with Part A coverage. Alternatively, POS code 32 is used for all services furnished in NFs, and for services furnished in SNFs when beneficiaries have exhausted their Part A coverage. For services furnished in facilities that include both NF and SNF settings, also known as mixed facilities, POS code 31 is used unless the physician can verify that no Part A payment will be made for the service.

III. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14582.1	The contractor shall create a one-time utility to apply IUR 7303 to Part B claims in claims history with DOS on or after May 11, 2023, through December 31, 2024, where the POS is 32, and the Part B line item from/through dates fall within or overlap a posted Part A SNF claim (TOB 21x) or Swing Bed claim (TOB 18x), excluding CAH Swing Bed claims.								X	
14582.2	Contractors shall reprocess the Part B claims that generated IUR 7303 which will be shared with the regular claims responses/IURs following the one time utility. Note: This expands on the guidance issued in CR 13767. Contractors shall follow standard recoupment procedures for any resulting overpayments and continue to adhere to all business requirements established under CR 13767. Note: Part B claims with IUR 7303 will be shared to MACs along with regular daily claim responses/IURs.		X							

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part A, A/B MAC Part B

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0