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TO: All Part D Plan Sponsors

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SUBJECT: 2014 Requirements for Coding Patient Residence and Pharmacy Service Type on Claims Transactions

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In October 2012, CMS issued guidance requiring sponsors to report Patient Residence and Pharmacy Service values on PDE records submitted February 28, 2013 or later. The guidance currently permits retail pharmacies to default to a Patient Residence of 1 (Home) and a Pharmacy Service Type of 1 (Community/Retail Pharmacy Services) on the claim transaction or leave these fields blank. If the retail pharmacy fails to include a Patient Residence and/or Pharmacy Service Type on the claim, the Part D sponsor may accept the transaction and report the default values (Patient Residence of 0 (Not specified) and Pharmacy Service Type of 99 (Other)) on the PDE. Since issuance of the guidance, CMS has engaged in consultation with the industry through NCPDP regarding the requirements for 2014 and the following requirements are based on the industry recommendations.

Beginning in 2014, CMS will require that sponsors report valid Patient Residence and Pharmacy Service Type values on all PDEs. Therefore, claims with a missing or invalid code may be rejected at point-of-sale, if the sponsor has implemented a process to ensure the corrected claim is resubmitted promptly. Valid Patient Residence codes at this time include:

- 0- Not specified, other patient residence not identified below;
- 1- Home;
- 3- Nursing Facility
- 4- Assisted Living Facility
- 6- Group Home
- 9- Intermediate Care Facility/Mentally Retarded; and
- 11- Hospice.

Retail pharmacies and mail order pharmacies must include a valid Patient Residence code on all Part D claims transactions; however if the patient residence is unknown, these pharmacies may default to a Patient Residence of 1 (Home). We expect that LTC pharmacies, home infusion pharmacies and specialty pharmacies, since they deliver to the patient residence know the patient residence and, thus this information will be reliably reported on claims and PDEs.

We expect all pharmacies will know the appropriate (i.e., non-default) pharmacy service code to include on all Part D claims. Valid Pharmacy Service Type codes currently include the following values:

- 1- Community/Retail Pharmacy Services;
- 2- Compounding Pharmacy Services;
- 3- Home Infusion Therapy Provider Services;
- 4- Institutional Pharmacy Services;
- 5- Long Term Care Pharmacy Services;
- 6- Mail Order Pharmacy Services;
- 7- Managed Care Organization Pharmacy Services;
- 8- Specialty Care Pharmacy Services; and
- 99- Other.

Please submit questions regarding these changes to PDEJan2011@cms.hhs.gov.