Activation of Validation Edits for Providers with Multiple Service Locations

> **What's Changed: We clarified how to handle certain off-campus provider-based departments excepted from Section 603 payment policy. Substantive changes are in dark red on page 3.**

Affected Providers

- Hospitals
- Other providers with multiple service locations submitting Outpatient Prospective Payment System (OPPS) claims to Medicare Administrative Contractors (MACs)

What You Need to Know

This Article tells you about enforcing the systematic validation edits requirements in Section 170 of the Medicare Claims Processing Manual, Chapter 1. These aren't new requirements. CMS discussed these requirements in CRs 9613 and 9907, effective January 1, 2017. On March 24, 2020, we announced a delay until further notice to the activation of these for OPPS providers with multiple service locations. Make sure your billing staff knows of these instructions.

Background

Increasingly, hospitals operate an off-campus, outpatient, provider-based department of a hospital. In some cases, these additional locations are in a different payment locality than the main provider. For Physician Fee Schedule (PFS) and OPPS payments to be accurate, we use the service facility address of the off-campus, outpatient, provider-based department of a hospital facility to decide the locality in these cases. (These instructions don't apply to separately enrolled provider-based rural health clinics. See Section 10.2.1.13, IOM 100-08, Chapter 10, Rural Health Clinics (RHCs), for information on separately enrolling provider-based RHCs.)

Under Section 1833(t)(21) of the Social Security Act, you must identify non-excepted services at an off-campus, outpatient, provider-based department of a hospital. We'll pay for non-excepted items and services you bill on an institutional claim under the PFS and not the OPPS rates.

Enrollment Information

To verify enrollment, active practice locations should:

- Access the direct data entry (DDE) Provider Practice Address Query - Option 1D
- Review current Medicare information on PECOS

To add a new or revise an existing location, complete a change of information enrollment application 1 of these ways:

- Online through PECOS [pecos.cms.hhs.gov]
- Paper-based Medicare Enrollment Application - Institutional Providers (CMS-855A)

For PECOS, in the hospital practice location section, make sure you identify the appropriate type of practice location. If your practice location type isn't listed, mark "Other Hospital Practice Location" and **enter the correct type in the free-form field** (for example, on-campus, remote location, emergency department, 603 exception, non-OPPS department, mobile facility and/or portable units, off-campus department (the 09/23 version of the paper-based form contains these types of practice locations separately listed)). Use these definitions when entering your location or facility:

1. **On Campus**: The physical area immediately adjacent to the provider's main buildings, other areas, and structures that aren't strictly contiguous to the main building, but are located within 250 yards on the main buildings, and any other areas determined on an individual case basis to be part of the provider's campus. Hospital provider fulfills the obligations of hospital outpatient department.

2. **Remote Location of a Hospital**: A facility or organization that's either created by or acquired by a hospital that's the main provider for the purpose of providing inpatient hospital services under the name, ownership, and financial and administrative control of the main provider. A remote location of a hospital comprises both the specific physical facility that serves as the site of service of which separate payment could be claimed under the Medicare Program, and the personnel and equipment needed to deliver the services at the facility. The Medicare conditions of participation (CoPs) don't apply to a remote location of a hospital as an independent entity, per 42 CFR 413.65(a)(2).

3. **Emergency Department**: Per 42 CFR 489.24(b), a provider-based off-site hospital emergency department (ED) must demonstrate compliance with the hospital CoPs. They must also comply with the provider-based regulations at 42 CFR 413.65. A department or location can't be both an urgent care center and an ED unless they're distinct and separate — at a minimum, they must have different suite numbers.

4. **603 Exception Department:** Grandfathered by mid-build legislation or provider-based department (PBD) that relocates to a new location (either temporarily or permanently), without losing its excepted status, upon a demonstration of extraordinary circumstances outside of the hospital's control, such as natural disasters, significant seismic building code requirements, or significant public health and public safety issues. The "603 Exception Department" definition only applies to PBDs meeting either of the 2 above criteria (mid-build or relocation). It doesn't apply to an excepted off-campus PBD that's "grandfathered" for providing services billable under the OPPS before 11/2/2015. For an off-campus PBD that's excepted from Section 603 of the Bipartisan Budget Act of 2015 payment policy for providing services billable under the OPPS before 11/2/2015, enter "Off-Campus Department" as described under definition 7 below. The system will use the practice location's original effective date in PECOS to decide whether Section 603 payment policy applies. If the practice location's original effective date in PECOS is before 11/2/2015, claims will correctly process at the OPPS payment rate.

5. **Non-OPPS Department**: The practice location is a non-OPPS location. Rural emergency hospital (REH); opioid treatment program (OTP); therapy; ESRD; certain hospitals in Maryland that are paid under Maryland waiver provisions; Critical Access Hospitals (CAHs); Indian Health Service hospitals; hospitals located in American Samoa, Guam, and Saipan; and hospitals located in the Virgin Islands.

6. **Mobile Facility and/or Portable Units**: Practice location is a mobile facility or portable unit.

7. **Off-Campus Department:** The practice facility isn't located on the campus of the main provider (greater than 250 yards), and the hospital provider fulfills the obligations of hospital outpatient department. Off-campus PBDs that are excepted from Section 603 payment policy because the department provided services billable under the OPPS before 11/2/2015 are included in this definition.

In the PECOS system, use the screen below to enter "Other Hospital Practice Location". You must:

- Select "Other Health Care Facility"

- Fill the free form field with either on-campus, remote location, emergency department, 603 exception, non-OPPS department, mobile facility and/or portable units, or off-campus department

* This location is a:	Other Health Care Facility ▾	Apply
* Other Health Care Facility (Specify):		

Claim Information

Claim Level:
You must report the service facility location for an off-campus, outpatient, provider-based department of a hospital in the 2310E loop of the 837 institutional claim transaction.

Line-Level:
When you report a service facility address on your claim, you must also report the appropriate modifier (for example, PO, PN, ER) with each claim line that includes a HCPCS code for a service provided at an off-campus PBD. Don't report more than 1 of these modifiers (PO, PN, or ER) on the same claim line. In addition, the modifier you report must correspond with the hospital practice location type identified in PECOS.

DDE submitters report the service facility location for an off-campus, outpatient, provider-based department of a hospital. Paper submitters report the service facility address information in Form Locator (FL) "01" on the paper claim form. For PFS services, Medicare systems use this service facility information to decide the applicable payment method or locality whenever it's present.

Medicare systems will validate service facility location to make sure you're providing services in a Medicare-enrolled location. The validation will be exact matching based on the information on the Form CMS-855A you submitted to PECOS. Make sure your claims data matches your PECOS data.

When you provide services on a claim from the billing provider address:

- Report the billing provider address only in the billing provider loop 2010AA

- Don't report any service facility location in loop 2310E — or in DDE MAP 171F screen for DDE submitters

When you provide services on a claim from 1 campus of a multi-campus provider that reports a billing provider address:

- Report the campus address where you provided the services in the service facility location in loop 2310E if the service facility address is different from the billing provider address loop 2010AA

- Use DDE MAP 171F screen for DDE submitters

When you provide services on a claim from the same off-campus, outpatient, provider-based, department of a hospital:

- Report the off-campus, outpatient, provider-based department service facility address in the service facility provider loop 2310E

- Use DDE MAP 171F screen for DDE submitters

When you provide services on a claim at multiple locations:

- If you provide any services on the claim at the billing provider address, report the billing provider address only in the billing provider loop 2010AA, and don't report the service facility location in loop 2310E — or in DDE MAP 171F screen for DDE submitters

- If you provide any services on the claim at more than 1 of the campus locations of a multi-campus provider that isn't the main billing provider address, report the service facility address in loop 2310E if all of the service facility addresses are different from the billing provider address in loop 2010AA — or in DDE MAP 171F screen for DDE submitters — from the first registered campus encounter of the "From" date on the claim

- If you provide any services on the claim at 1 of the campus locations of a multi-campus provider that isn't the main billing provider address and you also provide services on the claim at other off-campus department practice locations, report the campus address where you provided the services in the service facility location in loop 2310E if the service facility address is different from the billing provider address in loop 2010AA — or in DDE MAP 171F screen for DDE submitters

- If you provide no services on the claim at the billing provider address or any campus location of a multi-campus provider, report the service facility address in loop 2310E — or in DDE MAP 171F screen for DDE submitters — from the first registered department practice location encounter of the "From" date on the claim

National Testing

Round 1 Testing

During the week of July 23 - 30, 2018, we did a national trial activation of the FISS Edits 34977 and 34978 in production environments. We activated Reason Codes 34977 (claim service facility address doesn't match provider practice file address) and 34978 (Off-campus provider claim line that contains a HCPCS must have a PN or PO). The testing was transparent to you, as we suspended most claims impacted by the test for 1 billing cycle and then we turned editing off so the claim could continue processing as normal.

This national test showed that many providers aren't sending the correct exact service facility location on the claim that produces an exact match with the Medicare-enrolled location entered into PECOS for their off-campus provider departments.

Most discrepancies had to do with spelling variations. For example, in PECOS, the word you entered was "Road" as part of your address, but you entered "Rd" or "Rd." as part of the

address on the claim submission. Another example, in PECOS the word entered was "STE" as part of the address, but you entered "Suite" as part of your address on the claim submission.

Round 2 Testing

Make sure all practice locations are present in PECOS and if any locations aren't in PECOS, submit the 855A to add the location. You can review your practice locations in PECOS or in the confirmation letter from PECOS when you last added a location to see if your service facility address for the off-campus provider department locations you put on your claim is an exact match.

We did a second round of national testing in November 2018. You should have used the time before this national testing to correct the off-campus provider department location addresses within your billing systems to match exactly to PECOS for your off-campus provider departments.

Round 3 Testing

Before round 3 testing, we issued instructions to the FISS maintainer to make the practice location address screen available to providers in DDE in the April 2019 system quarterly release. Starting in April 2019, the practice location screen is available in DDE. We postponed full production implementation for 3 more months to give you time to adjust to the new practice location screen. Practice address sent on the claim in MAP 171F screen must match the address found in the MAP1AB1, MAP1AB2 screens, or the claim will be returned to the provider (RTP). To locate MAP1AB1, MAP1AB2 screens go to (01) Inquiry, then (1D) Prov Practice Address Query

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MAP1AB1          ........................................ ........ ../../..
  ........ SC .. ..PROVIDER PRACTICE ADDRESS QUERY8SUMMARY ........ ..:..:..

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                                  PRAC      PRAC
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MAP1AB2         ..........................................   ........ ../../..
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  PRAC EFF DT       ........          PRAC TERM DT       ........
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  ADDRESS 1 .....................................................
  ADDRESS 2 .....................................................
  CITY ............................  STATE ..  ZIP ...............
  NPI EFF DT ........  NPI TERM DT  ........
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Round 3 Testing Update & Full Production Delayed

We completed round 3 testing. We decided to postpone full production implementation until further notice. Once we implement full production, we'll turn on the edits permanently and set them to RTP claims that don't exactly match. You can make corrections to your service facility address for a claim submitted in the DDE MAP 171F screen for DDE submitters. If you need to add a new or correct an existing practice location address, you'll need to submit a new 855A enrollment application in PECOS.

Round 4 Testing Update & Full Production Delayed Due to COVID-19

We postponed full production implementation due to the COVID-19 public health emergency (PHE).

Round 5 Testing

We did another round of testing in May 2023 after the PHE ended to make sure we have a smooth implementation of the edits. We did this testing to make sure providers have used the new practice location screen tool and made necessary claims submission updates to their systems and were prepared for implementation of the edits after the end of the PHE.

Round 5 Testing Update & Full Production

During Round 5 testing, overall claim volume for Reason Codes 34977 (claim service facility address doesn't match provider practice file address) and 34978 (Off-campus provider claim line that contains a HCPCS must have a PN or PO) trended downward. We didn't identify any new issues during Round 5 Testing.

On August 1, 2023, we'll start deploying editing into full production and we've told the MACs to develop implementation plans to permanently turn on the Reason Codes and set them up to RTP claims that don't exactly match. Your MAC will notify you of their implementation plans.

You can make corrections to your service facility address for a claim submitted and editing reveals the claim has typographical errors that don't match the official postal address in PECOS and in the DDE MAP 171F screen for DDE submitters. If you need to add a new practice location that hasn't been enrolled or correct an existing practice location address that's changed since initial enrollment, you'll still need to submit a new 855A enrollment application in PECOS.

We expect that the almost 7-year time frame that the edits haven't been active gave you ample time to validate your claims submission system and the PECOS information for your off-campus provider departments are exact matches.

More Information

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
February 5, 2024	We clarified how to handle certain off-campus provider-based departments excepted from Section 603 payment policy. Substantive changes are in dark red on page 3.
December 26, 2023	We clarified these instructions don't apply to separately enrolled provider-based rural health clinics and added information on the 09/23 version of the paper-based enrollment form. Substantive changes are in dark red on pages 1-2.
December 7, 2023	We added information on how to verify and update service locations for Medicare enrollment and what claim modifier to use. Substantive changes are in dark red on pages 2-4.
August 16, 2023	We added new information about the practice location address screen for round 3 testing. Substantive changes are in dark red on pages 3 and 4.
July 11, 2023	We added information on Round 5 testing and national implementation of edits.
March 24, 2020	We revised the article to announce a delay until further notice to the activation of Systematic Validation Edits for OPPS Providers with Multiple Service Locations.
September 5, 2019	We revised the article to announce a delay of full implementation until April 2020.
June 28, 2019	We revised this article to provide an update on Round 3 testing and to announce a delay of full implementation until October 2019.
March 26, 2019	Initial article released.

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