| CMS Manual System | **Department of Health & Human Services (DHHS)** |
|---|---|
| Pub 100-04 Medicare Claims Processing | **Centers for Medicare & Medicaid Services (CMS)** |
| **Transmittal 13073** | **Date: March 13, 2025** |
| | **Change Request 13767** |

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

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to instruct the Common Working File (CWF) to establish a system edit and an Informational Unsolicited Response (IUR) that identifies instances in which physicians incorrectly use Place of Service (POS) code 32, Nursing Facility (NF) or Skilled Nursing Facility (SNF) with no Part A coverage, while a beneficiary is in a covered Part A SNF stay.

**EFFECTIVE DATE: July 1, 2025**
**Unless otherwise specified, the effective date is the date of service.*
**IMPLEMENTATION DATE: July 7, 2025**

***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:**

**One Time Notification**

# Attachment - One-Time Notification

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## II. GENERAL INFORMATION

### A. Background:

Medicare pays practitioners separately for physician services, distinct from payments made to inpatient facilities (such as Skilled Nursing Facility (SNF) or hospital). Practitioners report a two-digit place-of-service (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 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 includes 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 | |
| 13767.1 | For Dates of Service (DOS) January 1, 2025, and after, CWF shall create a new edit to reject incoming professional claims reported with POS code 32 when overlapping a previously posted covered Part A SNF claim (21X and 18X (swing bed) bill type excluding CAH swing bed). | | | | | | | | X | |
| 13767.1.1 | Contractors shall return the claim as unprocessable when professional claims are reported with POS code 32 when overlapping a previously posted covered Part A SNF claim (21X and 18X (swing bed) bill type excluding CAH swing bed). | | X | | | | | | | |
| 13767.1.1.1 | Contractors shall use the following messages:<br><br>CARC 58: Treatment was deemed by the payer to have been rendered in an inappropriate or invalid place of service. Usage: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.<br><br>Group code: CO. | | X | | | | | | | |
| 13767.1.2 | CWF shall ensure that the new A/B Crossover edit does not generate with the following 12 conditions:<br><br>1. Incoming Part B claim From Date equals the SNF Inpatient Part A (21x) Discharge Date in history and the Patient Status is other than '30'.<br><br>2. Incoming Part B claim Thru Date equals the SNF Inpatient Part A (21x) Admission Date in history<br><br>3. Incoming Part B claim is submitted with Entry Code '3' (cancel only). | | | | | | | | X | |

| Number | Requirement | Responsibility | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | | | DME MAC | Shared-System Maintainers | | | | Other |
| | | A | B | HHH | | FISS | MCS | VMS | CWF | |
| | 4. Incoming Part B claim is submitted with Action Code '9' (add to history).<br><br>5. Incoming Part B claim is submitted with a Zero in the denied paid indicator or cost avoid.<br><br>6. Incoming Part B claim is submitted and the detail line item Date of Service is greater than the occurrence Code (A3, B3, or C3) of the SNF Inpatient Part A (21x) claim in history.<br><br>7. Incoming Part B claim is submitted and the detail line item Date of Service is within the Occurrence Span Code '74', '76', '77', '79' and/or 'M1' Date of the SNF Inpatient Part A (21x) claim in history.<br><br>8. Incoming Part B claim is submitted and detail payment process indicator is not equal to 'A', 'R', 'S', or 'Z'.<br><br>9. History SNF Inpatient Part A (21x) claim Cancel Date is greater than zero.<br><br>10. History SNF Inpatient Part A (21x) claim has a No-Pay Code equal to 'B', 'C', 'N', or 'R'.<br><br>11. Incoming Part B claim with POS code 32 equals the admission date of the SNF in history.<br><br>12. Incoming Part B claim with POS code 32 equals the discharge date of the SNF in history. | | | | | | | | | |
| 13767.2 | For DOS January 1, 2025 and after, CWF shall create a new IUR to identify previously paid professional claims (HUBC) with POS code 32 with dates of service within or overlapping an | | | | | | | | X | |

| Number | Requirement | Responsibility | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | | | DME MAC | Shared-System Maintainers | | | | Other |
| | | A | B | HHH | | FISS | MCS | VMS | CWF | |
| | incoming covered Part A SNF Claim (21x or 18x (Swing Bed) excluding CAH Swing Bed).<br><br>CWF shall utilize the existing unsolicited indicator 'D'. CWF shall return trailer '24' along with '31' with the new IUR. | | | | | | | | | |
| 13767.2.1 | The contractors shall test that the adjustments created through the IUR process are properly processing through MCS and applying the correct payment rate for POS 31. | | X | | | | | | | |
| 13767.2.1.1 | CWF shall ensure that the new IUR does not generate with the following 12 conditions:<br><br>1. The history Part B claim from Date equals the incoming SNF Inpatient Part A (21x) claim Discharge Date and<br>the Patient Status is other than '30'.<br><br>2. The history Part B claim thru Date equals the incoming<br>SNF Inpatient Part A (21x) Admission Date.<br><br>3. The history Part B claim has a cancel date greater than zero.<br><br>4. The history Part B claim has Action Code '9' (add to history).<br><br>5. The history Part B claim has a Zero in the denied paid indicator or cost avoid. | | | | | | | | X | |

| Number | Requirement | Responsibility | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | | | DME MAC | Shared-System Maintainers | | | | Other |
| | | A | B | HHH | | FISS | MCS | VMS | CWF | |
| | 6. The history Part B claim detail line item Date of Service is greater than the occurrence code (A3, B3, or C3) of the incoming SNF Inpatient Part A (21x) claim.<br><br>7. The history Part B claim detail line item Date of Service is within the Occurrence Span Code '74', '76', '77', '79' and/or 'M1' Date of the incoming SNF Inpatient Part A (21x) claim.<br><br>8. The history Part B claim detail payment process indicator is not equal to 'A', 'R', 'S', or 'Z'.<br><br>9. The history Part B claim has POS code 32 that equals the admission date of the incoming SNF Inpatient Part A (21x) claim.<br><br>10. The history Part B claim with POS code 32 equals the discharge date of the incoming SNF Inpatient Part A (21x) claim.<br><br>11. The incoming SNF Inpatient Part A (21x) claim Action Code equals 4.<br><br>12. The incoming SNF Inpatient Part A (21x) claim has a No-Pay Code equal to 'B', 'C', 'N', or 'R'. | | | | | | | | | |
| 13767.2.2 | Contractors shall only correct the POS on claim lines where POS code 32 should be | | X | | | | | | | |

| Number | Requirement | Responsibility | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | | | DME MAC | Shared-System Maintainers | | | | Other |
| | | A | B | HHH | | FISS | MCS | VMS | CWF | |
| | changed to POS code 31. | | | | | | | | | |
| 13767.2.2.1 | Contractors shall override edit 268H as appropriate. | | X | | | | | | | |
| 13767.2.3 | Contractors shall follow normal recoupment procedures for claims that have been adjusted and result in an overpayment. | | X | | | | | | | |
| 13767.2.4 | Contractors shall use the following messages for all adjusted claims:<br><br>CARC 58: Treatment was deemed by the payer to have been rendered in an inappropriate or invalid place of service. Usage: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.<br><br>Group code: CO.<br><br>MSN 13.10: Medicare Part B doesn't pay for items or services provided by this type of healthcare provider since our records show that you were receiving Medicare Part A benefits in a skilled nursing facility on this date. **Spanish language translation -** La Parte B de Medicare no paga por artículos o servicios prestados por este tipo de proveedor ya que nuestros registros indican que usted estaba recibiendo los beneficios de la Parte A de Medicare en un centro de enfermería especializada durante esta fecha. | | X | | | | | | | |
| 13767.3 | CWF shall allow an override in the detail line for the new edit and IUR. | | | | | | | | 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 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: |
|---|---|

**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**