



**News Flash** - The revised publication titled **Inpatient Rehabilitation Facility Prospective Payment System Fact Sheet** (October 2008), which provides information about Inpatient Rehabilitation Facility Prospective Payment System rates and classification criterion, is now available in print format from the Centers for Medicare & Medicaid Services **Medicare Learning Network**. To place your order, visit <http://www.cms.hhs.gov/MLNGenInfo/>, scroll down to "Related Links Inside CMS" and select "MLN Product Ordering Page."

MLN Matters Number: MM6300

Related Change Request (CR) #: 6300

Related CR Release Date: February 13, 2009

Effective Date: October 1, 2007

Related CR Transmittal #: R1681CP

Implementation Date: July 6, 2009

## Payments to Institutional Providers with Multiple Service Delivery Locations

### Provider Types Affected

Hospitals and other institutional providers who bill Medicare Administrative Contractors (MACs) or Fiscal Intermediaries (FIs) for providing services, which are paid under the Medicare Physician Fee Schedule (MPFS), to Medicare beneficiaries.

### What You Need to Know

CR 6300, from which this article is taken, instructs your MAC or FI to assign payment localities based on the ZIP code of the actual service facility location, rather than the main provider address, when such services are paid under the MPFS. On such claims submitted via the 837 institutional claim to MACs or FIs, Medicare will use the nine-digit ZIP code reported in the 2310E loop, when present, to determine the payment locality to apply to payments for MPFS and anesthesia services. See the Background section, below, for details.

### Background

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

Since institutional providers have historically operated from a single physical location, the provider files in Medicare's Fiscal Intermediary Shared System (FISS) contain only a provider's single master address. Where a nine-digit ZIP code is required, this master address has been used to determine the fee amount for services that are paid under the Medicare Physician Fee Schedule (MPFS).

Increasingly, however, hospitals are operating off-site outpatient facilities and other institutional outpatient service providers are operating multiple satellite offices. Sometimes these facilities are in different payment locations than the parent provider. In order for MPFS and anesthesia payments to be accurate, the nine-digit ZIP code of the off-site or satellite facility should be used to determine the locality.

Change Request (CR) 5243 (released January 2007) instructed Medicare outpatient service providers to report the nine-digit ZIP code of the actual service facility location in the 2310E loop of the 837 Institutional claim transaction; however, because there is no corresponding field in its internal claim record to carry a service facility nine-digit ZIP code, FISS has not been able to implement this change.

CR 6300, from which this article is taken, instructs FISS to map the nine-digit service facility ZIP code reported in data element N403 of loop 2310E of an incoming 837 institutional claim to a payer-only value code in order to capture the ZIP code of the service facility when it differs from the main provider address. This will make the data available to the payment logic in FISS so proper payment can be made based on the MPFS.

**Notes:** 1) Medicare contractors will pay MPFS and anesthesia services using the nine-digit service facility ZIP code (described above) for claims that you submit electronically via the institutional 837, but will continue to use the ZIP code associated with your master address to determine the payment location on claims that you submit via Direct Data Entry or paper formats.

2) When you bring to your MAC or FI's attention timely claims that were paid inaccurately because the service facility ZIP code was lacking, your MAC or FI will adjust the claims by appending the value code and the service facility ZIP code that you specify.

## Additional Information

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The official instruction, CR6300, issued to your MAC or FI is located at <http://www.cms.hhs.gov/Transmittals/downloads/R1681CP.pdf> on the Centers for Medicare & Medicaid Services (CMS) website. If you have any questions, please contact your MAC or FI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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