

June 12, 2019

Upcoming Changes for Outpatient PPS Providers with Multiple Locations – What You Need to Know

At A Glance

In an effort to ensure correct payment for services furnished in off-campus provider-based departments (PBDs) of hospitals, the Centers for Medicare & Medicaid Services (CMS) soon will be enacting changes for outpatient prospective payment system (PPS) providers that have multiple locations. Specifically, the agency will put in a system edit to check whether the address on a provider's claim exactly matches the address the provider entered into the Medicare Provider, Enrollment, Chain and Ownership System (PECOS). CMS also will check whether providers are properly billing the modifiers "PO" (grandfathered/excepted service provided at an off-campus PBD) and "PN" (non-grandfathered/non-excepted service provided at an off-campus PBD).

When CMS fully activates the edit, which is expected in July 2019 (or later, depending on the success of the agency's ongoing testing), the Medicare Administrative Contractors (MACs) will "Return-to-Provider" any claims where the addresses do not **exactly** match. For instance, if a provider's enrollment information includes a service location with the word "Road" but the provider entered "Rd" as part of their address on the claim, the claim would be Returned-to-Provider. The provider then will have to resubmit the claim to their MAC. This could be time-consuming and disruptive for providers.

CMS urges hospitals and health systems to check that their claims' addresses exactly match their provider enrollment addresses. CMS also notes that providers who need to add a new or correct an existing practice location address must submit a new 855A enrollment application in PECOS.

Additional detailed information can be found in [MLN Matters Article SE19007](#). AHA will continue to share information about this issue and the implementation timeline.

What You Can Do:

- ✓ Share this advisory with your chief financial officer, revenue cycle staff and team responsible for Medicare provider enrollment.
- ✓ Take steps now to ensure that all your off-site locations are properly enrolled in PECOS

Further Questions:

For additional questions, please contact Roslyne Schulman, AHA director of policy, at rschulman@aha.org.

Key Takeaways

- CMS soon will enact system edits to ensure that the addresses in claims from hospitals and health systems *exactly* match the addresses included in PECOS when services are provided in off-campus PBDs. Claims that do not pass the edits will be "Returned-to- Provider."
- Hospitals and health systems soon should check their Medicare enrollment information in PECOS to ensure that each of their existing off-campus PBDs are properly enrolled in PECOS and that the addresses *exactly* match the addresses in their claims processing system.

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At Issue

Section 603 of the Bipartisan Budget Act of 2015 requires that, with the exception of dedicated emergency department services, services furnished in hospital off-campus PBDs that began billing under the outpatient PPS on or after Nov. 2, 2015, or that cannot meet the 21st Century Cures "mid-build" exception, no longer will be paid under the outpatient PPS, but under another applicable Part B payment system. In 2017, CMS set the physician fee schedule (PFS) as the applicable payment system for most of these non-grandfathered (non-excepted) services, and the agency currently sets payment for most non-grandfathered (non-excepted) services at the "PFS-equivalent" rate of 40 percent of the outpatient PPS rate. In order to be paid correctly, providers are required to report a Healthcare Common Procedure Coding System (HCPCS) level modifier "PN" to identify services that are furnished in a non-grandfathered (non-excepted) PBD and modifier "PO" to identify services that are furnished in a grandfathered (excepted) PBD.

Further, CMS has long required hospitals and health systems to use the Medicare enrollment form CMS-855A to properly enroll each of their service locations, including off-campus PBDs, into the agency's PECOS.

In order to ensure that all outpatient PPS provider service locations are properly enrolled and that providers are correctly billing for services in their excepted and non-excepted off-campus PBDs, CMS has been conducting a series of national trial activations of validation edits. This national testing has revealed that many providers are not including a service facility location on their claim that **exactly** matches the enrollment information entered into the PECOS for their off-campus PBDs. Most discrepancies involve spelling variations. For example, in PECOS, "Road" was entered, but "Rd" or "Rd." was included on the claim. Another example was different spellings of "Suite," such as "STE."

CMS this month is conducting a third round of testing of the edits. **CMS has stated that it plans to review the results and fully activate the edits in July 2019.** However, CMS may continue with additional round(s) of testing, if necessary, to ensure that there is a smooth implementation of the edits. **Once fully activated, CMS will direct their MACs to Return-to-Provider claims that do not exactly match.** They would then have to resubmit such claims to their MAC. This could be time-consuming and disruptive for hospitals and health systems.

CMS has issued a [MLN Matters article SE19007](#) that explains the validation edits for outpatient PPS providers and the agency's plan to activate them. It includes additional information that will be helpful for outpatient PPS providers with off-campus PBDs to make sure they are in compliance with Medicare requirements.

The AHA urges providers to take steps now to ensure that all their locations are properly enrolled in PECOS. If any locations are not in PECOS, they should submit an 855A enrollment application to add the location(s). It can take up to 60 days for MACs to approve changes to providers' enrollment information. **Providers also should review PECOS to ensure that they include addresses on claims that exactly match those in the enrollment system for each of their off-campus PBDs.** The AHA will continue to share information on this issue and the implementation timeline.