

Basic Guidelines for Place of Service (POS) Codes



The graphic features the Medical Billers and Coders logo in the top left corner. The main title, "Basic Guidelines for Place of Service (POS) Codes", is centered in a large, dark blue font. Below the title, contact information is provided: a phone icon followed by "888-357-3226" and an email icon followed by "sales@medicalbillersandcoders.com". The background includes a grid of dots and a circular inset image showing hands holding a tablet over a document with a pen.

Defining Place of Service (POS) Codes

Place of Service (POS) codes are two-digit codes placed on health care professional claims to indicate the setting in which a service was provided. The Centers for Medicare & Medicaid Services (CMS) maintain POS codes used throughout the health care industry. To process the claims, CMS requires that the address and ZIP code of the physician's practice location be placed on the claim form in order to determine the appropriate locality.

For all claims processed on or after January 1, 2011, submission of the location where the service was rendered is required for all POS codes. A number of times, Medicare claim gets denied due to inaccurate POS codes, so for provider education, we share basic guidelines for Place of Service (POS) Codes in this article. Place of service codes is a required field in CMS-1500 form with item number 24B. You can find a complete list of place of service codes at [Place of Service Code Set](#)

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) directed the Secretary of HHS to adopt national standards for electronic transactions. These standard transactions require all health plans and providers to use standard code sets to populate data elements in each transaction. The Transaction and Code Set Rule adopted the ASC X12N-837 Health Care Claim: Professional, Volumes 1 and 2, version 4010, as the standard for electronic submission

of professional claims.

These standards name the POS code set currently maintained by CMS as the code set to be used for describing sites of service in such claims. POS information is often needed to determine the acceptability of direct [billing of Medicare, Medicaid](#), and private insurance services provided by a given provider.



The POS code is generally used to reflect the actual setting where the beneficiary receives the face-to-face service. For example, if the physician's face-to-face encounter with a patient occurs in the office, the correct POS code on the claim, in general, reflects the 2-digit POS code 11 for the office.

In these instances, the 2-digit POS code (i.e., item 24B on the claim form CMS-1500) will match the address and ZIP entered in the service location (i.e., item 32 on the Form CMS-1500), the physical/geographical location of the physician. Additionally, MBC provides medical billing and coding services to [physician groups](#).

However, there are two exceptions to this general rule, these are for a service rendered to a patient who is a registered inpatient or an outpatient of a hospital. In these cases, the correct POS code regardless of where the face-to-face service occurs is that of the appropriate inpatient POS code (at a minimum POS code of 21) or that of the appropriate outpatient hospital POS code (at a minimum POS code of 19 or 22, for outpatient services performed off-campus or on-campus).

So, if in the above example, the patient seen in the physician's office is actually an inpatient of the hospital, POS code 21, for inpatient hospital, is correct. In this example, the POS code reflects a different setting than the address and ZIP code of the practice location (the

physician's office).

Place of Service (POS) for Lab Services

If the physician bills for lab services performed in his/her office, the POS code for 'Office' is shown. If the physician bills for a lab test furnished by another physician, who maintains a lab in his/her office, the code for 'Other' is shown. If the physician bills for a lab service furnished by an independent lab, the code for 'Independent Laboratory' is used.

Items 21 and 22 on the Form CMS-1500 must be completed for all laboratory work performed outside a physician's office. If an independent lab bills, the place where the sample was taken is shown.

An independent laboratory taking a sample in its laboratory shows '81' as a place of service. If an independent laboratory bill for a test on a sample drawn on an inpatient or outpatient of a hospital, it uses the code for the inpatient (POS code 21), off-campus-outpatient hospital (POS code 19), or on-campus outpatient hospital (POS code 22), respectively.

If a claim lacks a valid place of service (POS) code in item 24b or contains an invalid POS in item 24b, the payer will return the claim as unprocessable to the provider. Medicare will mark such claims as unprocessable using Group Code CO, Claim Adjustment Remark Code (CARC) 16, and Remittance Advice Remark Code (RARC) M77.

Medical Billers and Coders (MBC) is a leading medical billing company providing complete revenue cycle services. We can assist you in reducing your claim denials due to inaccurate Place of Service (POS) codes.

We shared basic guidelines for Place of Service (POS) codes but still, there are a lot of special considerations for various POS locations like telehealth claims (code 02,10); homeless shelters (code 04); mobile unit settings (code 15); retail health clinic (code 17); outpatient hospital departments (code 19, 22, 23, 24); Ambulatory Surgical Centers (code 24); and Hospice (code 34).

Our proficient medical billers specialize in precisely submitting claims for both private and government payers across diverse healthcare settings. For further information about our medical billing and coding services, please reach out to us at info@medicalbillersandcoders.com or call **888-357-3226**.