ATTENTION: PHARMACY PROVIDERS
Patient Residence and Pharmacy Service Type Required

EFFECTIVE IMMEDIATELY
ALL PHARMACIES MUST SUBMIT VALID VALUES FOR PATIENT RESIDENCE AND
PHARMACY SERVICE TYPE

BACKGROUND
In its Memorandum dated June 20, 2013, (“2014 Requirements for Coding Patient Residence and Pharmacy Service Type on Claim Transactions”), CMS stated the requirement of Retail and Mail order pharmacies to submit Pharmacy Service Type and Patient Residence on all claims, effective January 1, 2014. Plan Sponsors must report valid (non-default) Pharmacy Service Type and Patient Residence values on all PDEs.

REJECTED RESPONSE
Due to the CMS regulation, CVS Caremark will reject all Medicare Part D point-of-sale claims that do not contain the CMS acceptable Code Values (shown below). If the Patient Residence does not have the appropriate CMS values, a reject message of 4Y: << Patient Residence not supported >> will be sent to the pharmacy.

***A BLANK Patient Residence or Pharmacy Service Type value will be rejected.***

REJECT EDIT TURNED ON
In order to limit the pharmacy rejects on January 1, 2014, CVS Caremark will be reaching out to pharmacies and chains to turn on this reject edit beginning in October 2013.

<table>
<thead>
<tr>
<th>CMS Acceptable Code Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Service Type – Field # 147-U7</td>
</tr>
<tr>
<td>1-8 and 99</td>
</tr>
<tr>
<td>Patient Residence – Field # 384-4X</td>
</tr>
<tr>
<td>0, 1, 3, 4, 6, 9, 11</td>
</tr>
</tbody>
</table>

RETAIL PHARMACY VALUES
If the Retail pharmacy is unable to determine patient residence, per NCPDP guidance the Patient Residence (384-4X) can default to a value of 01-Home.

If you have questions, please contact your pharmacy software vendor for information on submitting these fields.
TO: All Part D Plan Sponsors  
FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group  
Cheri Rice, Director, Medicare Plan Payment Group  
SUBJECT: 2014 Requirements for Coding Patient Residence and Pharmacy Service Type on Claims Transactions  
DATE: June 20, 2013

In October 2012, CMS issued guidance requiring sponsors to report Patient Residence and Pharmacy Service values on PDE records submitted February 28, 2013 or later. The guidance currently permits retail pharmacies to default to a Patient Residence of 1 (Home) and a Pharmacy Service Type of 1 (Community/Retail Pharmacy Services) on the claim transaction or leave these fields blank. If the retail pharmacy fails to include a Patient Residence and/or Pharmacy Service Type on the claim, the Part D sponsor may accept the transaction and report the default values (Patient Residence of 0 (Not specified) and Pharmacy Service Type of 99 (Other)) on the PDE.

Since issuance of the guidance, CMS has engaged in consultation with the industry through NCPDP regarding the requirements for 2014 and the following requirements are based on the industry recommendations.

Beginning in 2014, CMS will require that sponsors report valid Patient Residence and Pharmacy Service Type values on all PDEs. Therefore, claims with a missing or invalid code may be rejected at point-of-sale, if the sponsor has implemented a process to ensure the corrected claim is resubmitted promptly. Valid Patient Residence codes at this time include:

- 0- Not specified, other patient residence not identified below;
- 1- Home;
- 3- Nursing Facility
- 4- Assisted Living Facility
- 6- Group Home
- 9- Intermediate Care Facility/Mentally Retarded; and
- 11- Hospice.

Retail pharmacies and mail order pharmacies must include a valid Patient Residence code on all Part D claims transactions; however if the patient residence is unknown, these pharmacies may default to a Patient Residence of 1 (Home). We expect that LTC pharmacies, home infusion pharmacies and specialty pharmacies, since they deliver to the patient residence know the patient residence and, thus this information will be reliably reported on claims and PDEs.
We expect all pharmacies will know the appropriate (i.e., non-default) pharmacy service code to include on all Part D claims. Valid Pharmacy Service Type codes currently include the following values:

- 1- Community/Retail Pharmacy Services;
- 2- Compounding Pharmacy Services;
- 3- Home Infusion Therapy Provider Services;
- 4- Institutional Pharmacy Services;
- 5- Long Term Care Pharmacy Services;
- 6- Mail Order Pharmacy Services;
- 7- Managed Care Organization Pharmacy Services;
- 8- Specialty Care Pharmacy Services; and
- 99- Other.

Please submit questions regarding these changes to PDEJan2011@cms.hhs.gov.