

NO. 91651

SITE OF SERVICE

Effective: 06/01/2026**Committee review:** 05/13/2026**Last Updated:** 05/13/2026

Instructions for use: This document is for informational purposes only. Coverage is subject to member's specific benefits. Group specific policy will supersede this policy when applicable. Eligibility and benefit coverage are determined in accordance with the terms of the member's plan in effect as of the date services are rendered. It is not an authorization, certification, explanation of benefits, or contract. Receipt of benefits is subject to satisfaction of all terms and conditions of coverage. Priority Health's medical policies are developed with the assistance of medical professionals and are based upon a review of published and unpublished information including, but not limited to, current medical literature, guidelines published by public health and health research agencies, and community medical practices in the treatment and diagnosis of disease. Because medical practice, information, and technology are constantly changing, Priority Health reserves the right to review and update its medical policies at its discretion. Priority Health's medical policies are intended to serve as a resource to the plan. They are not intended to limit the plan's ability to interpret plan language as deemed appropriate. Physicians and other providers are solely responsible for all aspects of medical care and treatment, including the type, quality, and levels of care and treatment they choose to provide.

Policy scope:

- This policy addresses medical necessity for site of care only. This medical policy specifies the medical necessity criteria required to substantiate the conduct of medical procedures in a **hospital outpatient department (HOPD)** versus an **ambulatory surgery center (ASC)** or physician office.
- This policy does not address medical necessity for individual medical procedures.
- This policy does not apply to emergency services or inpatient procedures.

Related policies: None identified

I. MEDICAL NECESSITY CRITERIA

Priority Health conducts site of service medical necessity reviews to determine whether a procedure must be performed in an outpatient hospital department. This review is separate from the medical necessity determination for the procedure itself. If Priority Health determines that performance of the procedure in an outpatient hospital department is not medically necessary, services provided in that setting will be considered not medically necessary.

- A. **INCLUSIONS.** The following conditions require a higher level of monitoring and immediate access to hospital level interventions. It is considered medically necessary that medical interventions be conducted in an outpatient hospital

department (OPHD) (vs. in an ambulatory surgery center (ASC) or office setting) only when one or more of the following conditions are present:

1. Poor respiratory reserve
 - a. Moderate to severe chronic obstructive pulmonary disease (COPD)
 - i. GOLD stage II–IV
 - ii. Frequent exacerbations or oxygen dependence
 - b. Severe persistent asthma
 - i. History of status asthmaticus
 - ii. Poorly controlled symptoms despite therapy
 - c. Restrictive lung disease
 - i. Idiopathic pulmonary fibrosis
 - ii. Other interstitial lung diseases with reduced lung volumes
 - d. Bronchiectasis with chronic infection or impaired clearance
2. Severe cardiovascular compromise
 - a. CHF NYHA class 3-4
 - b. Recent cardiovascular or neurologic event in the last 90 days(example MI, CVA etc)
 - c. Severe valvular heart disease
 - d. Cardiac arrhythmias that require monitoring or potential intervention
 - e. Implanted cardiac devices such as ICD
3. High Anesthesia risk
 - a. ASA physical status class 3-4
 - b. Difficult airway noted by history or exam: (example craniofacial abnormalities, limited neck length, neck mass, macroglossia etc.)
 - c. OSA-severe
 - d. Obesity class III or higher
 - e. Neuromuscular disorders affecting respiration
 - f. Need for general anesthesia and high likelihood of complications
4. Bleeding disorder
 - a. Inherited bleeding disorders
 - b. Therapeutic anticoagulation that requires intensive monitoring
 - c. History of excessive bleeding from procedures
 - d. Advanced liver disease
5. Complex disease state
 - a. Advanced Liver disease (example: MELD >8)
 - b. Poorly controlled diabetes
 - c. Active infection
 - d. Autoimmune disease (Those that are not stable)
 - e. Organ transplantation recipients
6. Neurologic
 - a. History of CVA with residual deficits likely to compromise safety of procedure
 - b. Epilepsy not well controlled
 - c. Dementia -advanced
 - d. Movement disorder that would compromise safety
7. Other
 - a. Active cancer on chemo
 - b. Bone marrow suppression

- c. Neutropenia-severe
 - d. Advanced stage malignancy
 - e. High infection risk
 - f. Cognitive barriers
 - g. Pregnancy
 - h. The patient is unstable and needs access to higher levels of care
 - i. Personal or family history of anesthesia complications(e.g. Malignant hyperthermia)
 - j. Any uncontrolled medical condition that would warrant close monitoring(e.g. brittle diabetes with recurrent DKA, hypertension refractory to treatment etc.)
8. Administrative
- a. No lower level of care available
 - b. Lower level of care has administrative policy on patient selection (weight limits or other restrictions)
- B. EXEMPTIONS. Member will be exempt from site of service consideration if any of the following apply:
- 1. Pediatric age <18
 - 2. Those unsafe to discharge home post procedure
 - 3. Those who previously did poorly post procedure-historical documentation required
 - 4. Previous attempt to perform the same procedure at a lower level of care

II. CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS) COVERAGE DETERMINATION

Any applicable federal or state mandates will take precedence over this medical coverage policy.

Medicare: Refer to the [CMS Online Manual System \(IOMs\)](#) and Transmittals.

For the most current applicable CMS National Coverage Determination (NCD)/Local Coverage Determination (LCD)/Local Coverage Article (LCA) refer to [CMS Medicare Coverage Database](#).

The information below is current as of the review date for this policy. However, the coverage issues and policies maintained by CMS are updated and/or revised periodically. Therefore, the most current CMS information may not be contained in this document. MAC jurisdiction for purposes of local coverage determinations is governed by the geographic service area where the Medicare Advantage plan is contracted to provide the service. Please refer to the Medicare [Coverage Database website](#) for the most current applicable NCD, LCD, LCA, and CMS Online Manual System/Transmittals.

While CMS does not maintain a global NCD or LCD governing site of service across all serices, CMS does address site of service in certain NCDs and LCDs within the scope of the respective coverage determination.

National Coverage Determinations (NCDs)	
None identified	
Local Coverage Determinations (LCDs)	
CGS Administrators, LLC	None identified
First Coast Service Options, Inc.	None identified

National Government Services, Inc.	None identified
Noridian Healthcare Solutions	None identified
Novitas Solutions, Inc.	None identified
Palmetto GBA	None identified
WPS Insurance Corporation	None identified

III. BACKGROUND

“Site of Care,” “Site of Service” or another term such as “Setting” or “Place of Service” may be terms used in benefit plans, provider contracts, or other materials instead of or in addition to “Level of Care” and, in some plans, these terms may be used interchangeably.

DEFINITIONS (as per Code of Federal Regulations / Title 42 / Chapter IV / Subchapter B / Part 416 / Subpart A / [§ 416.2](#)):

Ambulatory surgical center or ASC means any distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission. The entity must have an agreement with CMS to participate in Medicare as an ASC, and must meet the conditions set forth in [subparts B and C of this part](#).

ASC services means, for the period before January 1, 2008, facility services that are furnished in an ASC, and beginning January 1, 2008, means the combined facility services and covered ancillary services that are furnished in an ASC in connection with covered surgical procedures.

Covered ancillary services means items and services that are integral to a covered surgical procedure performed in an ASC as provided in [§ 416.164\(b\)](#), for which payment may be made under [§ 416.171](#) in addition to the payment for the facility services.

Covered surgical procedures means those surgical procedures furnished before January 1, 2008, that meet the criteria specified in [§ 416.65](#) and those surgical procedures furnished on or after January 1, 2008, that meet the criteria specified in [§ 416.166](#).

Facility services means for the period before January 1, 2008, services that are furnished in connection with covered surgical procedures performed in an ASC, and beginning January 1, 2008, means services that are furnished in connection with covered surgical procedures performed in an ASC as provided in [§ 416.164\(a\)](#) for which payment is included in the ASC payment established under [§ 416.171](#) for the covered surgical procedure.

[42 U.S.C. §1833\(i\)\(1\)\(A\)](#)

(i)(1) The Secretary shall, in consultation with appropriate medical organizations—

(A) specify those surgical procedures which are appropriately (when considered in terms of the proper utilization of hospital inpatient facilities) performed on an inpatient basis in a hospital but which also can be

performed safely on an ambulatory basis in an ambulatory surgical center (meeting the standards specified under section 1832(a)(2)(F)(i)), critical access hospital, or hospital outpatient department, and

(B) specify those surgical procedures which are appropriately (when considered in terms of the proper utilization of hospital inpatient facilities) performed on an inpatient basis in a hospital but which also can be performed safely on an ambulatory basis in a physician's office.

The lists of procedures established under subparagraphs (A) and (B) shall be reviewed and updated not less often than every 2 years.

An ambulatory surgery center (ASC) is a health care facility which offers same-day surgery care outside the hospital setting. An ASC is a surgical facility that does not have inpatient beds, and the entity may or may not be sponsored by a hospital. An individual's health status is considered when determining the appropriateness for the site of care among other factors including facility and geographic availability, specialty requirements, and physician privileges.

The [American Society of Anesthesiologists \(ASA\) Physical Status Classification System](#) has been in use continuously since 1961. The purpose of the system is to assess and communicate a patient's pre-anesthesia medical comorbidities. The classification system in conjunction with other factors (e.g., type of surgery, frailty, level of deconditioning) helps anesthesiologists estimate perioperative risk. Patients with ASA Physical Status III or higher generally require more extensive pre-anesthesia evaluation and coordinated care along with more intense anesthesia care as compared with patients having ASA Physical Status I or II.

Assigning a Physical Status classification level is a clinical decision based on multiple factors. While the Physical Status classification may initially be determined at various times during the preoperative assessment of the patient, the final assignment of Physical Status classification is made on the day of anesthesia care by the anesthesiologist after evaluating the patient.

IV. GUIDELINES / POSITION STATEMENTS

Medical/Professional Society	Guideline
American Society of Anesthesiologists (ASA)	American Society of Anesthesiologists Statement on ASA Physical Status Classification System (Jan 2026)

V. REGULATORY (US FOOD AND DRUG ADMINISTRATION)

See [U.S. Food & Drug Administration \(FDA\) Medical Device Databases](#) for the most current information.

Device	Premarket Approval, 513(f)(2)(De Novo), or 510(k) Number	Notice date
Not applicable		

VI. CODING

See [Priority Health Billing and Coding Policy No. 183 – Site of Service](#)

Place of Service (POS)

- 22 Hospital Outpatient Department (HOPD)
- 24 Ambulatory Surgical Center (ASC)

VII. MEDICAL NECESSITY REVIEW

Prior authorization for certain drugs, devices, services and procedures may or may not be required. In cases where prior authorization is required, providers will submit a request demonstrating that a drug, service or procedure is medically necessary. For more information, refer to the [Priority Health Provider Manual](#).

Individual case review may allow coverage for care or treatment that is investigational yet promising for the conditions described. Requests for individual consideration require prior plan approval. All determinations of coverage for experimental, investigational, or unproven treatment will be made by a Priority Health medical director or clinical pharmacist. The exclusion of coverage for experimental, investigational, or unproven treatment may be reviewed for exception if the condition is either a terminal illness, or a chronic, life threatening, severely disabling disease that is causing serious clinical deterioration.

VIII. APPLICATION TO PRODUCTS

Coverage is subject to the member's specific benefits. Group-specific policy will supersede this policy when applicable.

- **HMO/EPO:** This policy applies to insured HMO/EPO plans.
- **POS:** This policy applies to insured POS plans.
- **PPO:** This policy applies to insured PPO plans. Consult individual plan documents as state mandated benefits may apply. If there is a conflict between this policy and a plan document, the provisions of the plan document will govern.
- **ASO:** For self-funded plans, consult individual plan documents. If there is a conflict between this policy and a self-funded plan document, the provisions of the plan document will govern.
- **INDIVIDUAL:** For individual policies, consult the individual insurance policy. If there is a conflict between this medical policy and the individual insurance policy document, the provisions of the individual insurance policy will govern.
- **MEDICARE:** Coverage is determined by the Centers for Medicare and Medicaid Services (CMS); if a coverage determination has not been adopted by CMS, this policy applies.
- **MEDICAID/HEALTHY MICHIGAN PLAN:** For Medicaid/Healthy Michigan Plan members, this policy will apply. Coverage is based on medical necessity criteria being met and the appropriate code(s) from the coding section of this policy being included on the [Michigan Medicaid Fee Schedule](#). If there is a discrepancy between this policy and the [Michigan Medicaid Provider Manual](#), the Michigan Medicaid Provider Manual will govern. If there is a discrepancy or lack of guidance in the Michigan Medicaid Provider Manual, the Priority Health contract with Michigan Medicaid will govern. For Medical Supplies/DME/Prosthetics and Orthotics, please refer to the Michigan Medicaid Fee Schedule to verify coverage.

IX. REFERENCES

1. Code of Federal Regulations / Title 42 / Chapter IV / Subchapter B / Part 416 / Subpart A / [§ 416.2](#)
2. [42 U.S.C. §1833\(i\)\(1\)\(A\)](#)
3. American Society of Anesthesiologists Statement on ASA Physical Status Classification System. Anesthesiology Open 1(1):p e0002, January 2026. | DOI: 10.1097/ao9.0000000000000002
4. Eklund JE, Chang CC, Donnelly MJ. Critical patient safeguards for ambulatory surgery centers. Curr Opin Anaesthesiol. 2024. PMID: 39377472
5. Tian Y, Allen LD, Ingram ME, et al. Disparities in Delivery of Ambulatory Surgical Care for Children. JAMA Netw Open. 2023;6(6):e2317018. PMID: 37273209

SUMMARY OF CHANGES

New policy

Past review dates: not applicable

AMA CPT Copyright Statement: All Current Procedure Terminology (CPT) codes, descriptions, and other data are copyrighted by the American Medical Association.

The name "Priority Health" and the term "plan" mean Priority Health, Priority Health Managed Benefits, Inc., Priority Health Insurance Company and Priority Health Government Programs, Inc.