

Medicare Claims Processing Manual

Chapter 22 - Remittance Advice

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10 - Background

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The A/B Medicare Administrative Contractors (A/B MACs), and Durable Medical Equipment Medicare Administrative Contractors (DME MACs) send to providers, physicians, and suppliers, as a companion to claim payments, a notice of payment, referred to as the Remittance Advice (RA). RAs explain the payment and any adjustment(s) made during claim adjudication. For each claim or line item payment, and/or adjustment, there is an associated remittance advice item. Adjustment is defined as:

- denied
- zero payment
- partial payment
- reduced payment
- penalty applied
- additional payment
- supplemental payment

Payments and/or adjustments for multiple claims can be reported on one transmission of the remittance advice. RA notices can be produced and transferred in either paper or electronic format.

The A/B MACs and DME MACs also send informational RAs to nonparticipating physicians, suppliers, and non-physician practitioners billing non-assigned claims (billing and receiving payments from beneficiaries instead of accepting direct Medicare payments), unless the beneficiary or the provider requests that the remittance advice be suppressed. An informational RA is identical to other RAs, but must carry a standard message to notify providers that they do not have appeal rights beyond those afforded when limitation on liability (rules regulating the amount of liability that an entity can accrue because of medical services which are not covered by Medicare (see Pub. 100-04, chapter 30) applies.

The MACs are allowed to charge up to a maximum of \$25 for generating and mailing, if applicable, duplicate remittance advice (both electronic and paper) to recoup costs when generated at the request of a provider or any entity working on behalf of the provider. Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) administrative provisions, the Secretary of Health and Human Services has adopted ASC X12 Health Care Claim Payment/Advice (835) version 5010A1 to be the standard effective from January 1, 2012.

The CMS has implemented the new HIPAA standard following the ASC X12 Technical Report 3 (TR3) for transaction 835 version 5010A1, and requires the use of this format exclusively for Electronic Remittance Advices (ERAs) on or after full implementation. CMS has also established a policy that the paper formats shall mirror the ERAs as much as possible, and all MACs shall use the paper formats – Standard Paper Remit or SPR - established by CMS.

Provider Identification:

Medicare requires claims to contain National Provider Identifiers (NPIs) to be accepted for adjudication. NPIs received on the claims are cross walked to Medicare assigned legacy numbers for adjudication. Adjudication is based on each unique combination of NPI/legacy number if there is no one-to-one relationship between the two. Any ERA or SPR sent after version 5010A1 has been implemented will have one of the three provider identifications: (1) Federal Taxpayer's Identification Number; (2) Centers for Medicare and Medicaid Services PlanID; or (3) Centers for Medicare & Medicaid Services National Provider Identifier (NPI) as the provider ID instead of any Medicare assigned provider number at the provider level. NPIs will be sent as the provider identification at the claim level. As the Rendering Provider Identifier at the service line level, any one of the following identifiers: (1) Centers for Medicare & Medicaid Services National Provider Identifier; (2) Social Security Number; (3) Federal Tax Payer's Identification Number; or (4) Medicare Provider Number; – will be sent.

20 - General Remittance Completion Requirements

(Rev. 2843, Issued: 12-27-13, Effective: 01-28-14, Implementation: 01-28-14)

The following general field completion and calculation rules apply to both paper and electronic versions of the remittance advice, except as otherwise noted. See the current implementation guide for specific requirements: Any adjustment applied to the submitted charge and/or units must be reported in the claim and/or service adjustment segments with the appropriate group, reason, and remark codes explaining the adjustments. Every provider level adjustment must likewise be reported in the provider level adjustment section of the remittance advice. Inpatient RAs do not report service line adjustment data; only summary claim level adjustment information is reported.

- The computed field “Net” reported in the Standard Paper Remittance (SPR) notice must include “ProvPd” (Calculated Payment to Provider, CLP04 in the ASC X12 835) and interest, late filing charges and previously paid amounts.
- MACs report only one crossover payer name on both the ERA and SPR, even if coordination of benefits (COB) information is sent to more than one payer. The current HIPAA compliant version of the ASC X12 835 does not have the capacity to report more than one crossover carrier, and the SPR mirrors the ASC X12 835.
- The check amount is the sum of all claim-level payments, including claims and service-level adjustments, less any provider level adjustments.
- Positive adjustment amounts reduce the amount of the payment and negative adjustment amounts increase it.
- The MAC does not issue an RA for a voided or cancelled claim. It issues an RA for the adjusted claim with “Previously Paid” (CLP04 in the ASC X12 835) showing the amount paid for the voided claim.
- The shared system maintainers and contractors must make sure that the HIPAA transactions 835 and 837 COB balance after a system change resulting from a policy change that may or may not be directly related to Electronic Data

Interchange (EDI).

30 - Remittance Balancing

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

For Medicare the principles of remittance balancing are the same for both paper and electronic remittance formats. Balancing requires that the total paid amount is equal to the total submitted charges plus or minus payment adjustments for a single ASC X12 835 remittance in accordance with the rules of the standard ASC X12 835 format. Refer to Front Matter Section 1.10.2.1 for Balancing in the ASC X12 835 version 5010 TR3. Every HIPAA compliant ASC X12 835 transaction issued by a MAC must comply with the ASC X12 835 version 5010 TR3 requirements, i.e., these remittances must balance at the service, claim, and provider levels. The flat files generated by the shared systems must be balanced at the line, claim, and provider level. As a failsafe measure claim adjustment reason code 121 and PLB reason code 90 may be used at the line, claim, and provider level respectively to make sure that the ASC X12 835 is balanced. Shared System generated reports must track the usage of these codes, and A/B MACs and DME MACs must work closely with the shared system maintainers and CMS to resolve the issues resulting in out of balance situations.

40 - Electronic Remittance Advice - ERA or ASC X12 835

(Rev. 10236, Issued: 07-31-2020, Effective: 08-31-2020, Implementation: 08-31-2020)

Electronic Remittance Advice (ERA) transactions must be produced in the current HIPAA compliant ASC X12 835 version /5010. Directions for version updates are posted when necessary in CMS Change Request (CR) instructions issued by CMS. Refer to the official Washington Publishing Company website for implementation guides, record formats, and data dictionaries for the ASC X12 835

Shared systems maintainers must provide appropriate provider file structures and switching mechanisms so that MACs can select and generate the ASC X12 835 and/or the automated clearing house (ACH) format when electronic funds transfer (EFT) applies. See the implementation guides for further information on the abbreviated ASC X12 835 and use of the ASC X12 835 for EFT.

Changes to content and format of ERAs may not be made by individual MACs. Changes will be made only by shared system maintainers, and then, only as directed by CMS.

40.1 - ASC X12 835

(Rev.: 4388; Issued: 09-06-19; Effective: 10-07-19; Implementation: 10-07-19)

The ASC X12 835 is a variable-length record designed for wire transmission and is not suitable for use in application programs. Therefore, shared systems generate a flat file version of the ASC X12 835. MACs must translate that flat file into the variable length ASC X12 835 record for transmission to providers or their billing services or clearinghouse. See Chapter 24 for technical information about transmission of the ASC X12 835. The updated flat files are posted at:

<https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Remittance.html>

Go to “Downloads”, and click on the file you want.

The MAC requirements are:

- Send the remittance data directly to providers or their designated billing services or clearinghouses;
- Provide sufficient security to protect beneficiaries’ privacy. The MAC does not allow any party to view beneficiary information, unless authorized by specific instructions from CMS
- Issue the remittance advice specifications and technical interface specifications to all requesting providers within three weeks of their request. Interface specifications must contain sufficient detail to enable a reasonably knowledgeable provider to interpret the RA, without the need to pay the MAC or an associated business under the same corporate umbrella for supplemental services or software;
- A/B MACs (A) allow Part A providers to receive a Standard Paper Remittance Advice (SPR) in addition to the ASC X12 835 during the first 31 days of receiving ERAs and during other testing. After that time, A/B MACs (A) do not send a hard copy version of the ASC X12 835, in addition to the electronic transmission, in production mode. They should contact CMS if this requirement causes undue hardship for a particular provider, and a waiver is needed;
- A/B MACs and DME MACs must suppress the distribution of SPRs to those Part B providers//suppliers (or a billing agent, clearinghouse, or other entity receiving ERAs on behalf of those providers/suppliers) after 45 days of receiving both SPR and ERA formats. In rare situations (e.g., natural or man-made disasters) exceptions to this policy may be allowed at the discretion of CMS. A/B MACs and DME MACs should contact CMS if a waiver is needed;
- MACs may release an ERA prior to the payment date, but never later than the payment date;
- Ensure that their provider file accommodates the data necessary to affect EFT, either through use of the ACH or the ASC X12 835 format;
- Pay the costs of transmitting EFT through their bank to the ACH. Payees are responsible for the telecommunications costs of EFT from the ACH to their bank, as well as the costs of receiving ASC X12 835 data once in production mode; and
- Provide for sufficient back-up to allow for retransmission of garbled or misdirected transmissions.

Every ASC X12 835 transaction issued by A/B MACs and DME MACs must comply with the implementation guide (IG) requirements; i.e., each required segment, and each situational segment when the situation applies, must be reported. Required or applicable

situational data element in a required or situational segment must be reported, and the data in a data element must meet the minimum length and data attribute (AN, ID, R, etc.) specifications in the implementation guide.

Back end validation must be performed to ensure that these conditions are met. A/B MACs and DME MACs are not required to validate codes maintained by their shared systems, such as Healthcare Common Procedure Coding System (HCPCS), that are issued in their shared system's flat file for use in the body of an ASC X12 835, but they are required to validate data in the ASC X12 835 envelope as well as the codes that they maintain, such as claim adjustment reason codes and remittance advice remark codes, that are reported in the ASC X12 835. MACs do not need to re-edit codes or other data validated during the claim adjudication process during this back end validation. Valid codes are to be used in the flat file, unless:

- A service is being denied or rejected using an ASC X12 835 for submission of an invalid code, in which case the invalid code must be reported on the ASC X12 835;
- A code was valid when received, but was discontinued by the time the ASC X12 835 is issued, in which case, the received code must be reported on the ASC X12 835; or
- A code is received on a paper claim, and does not meet the required data attribute(s) for the HIPAA compliant ASC X12 835, in which case, "gap filling" would be needed if it were to be inserted in a compliant ASC X12 835.

Additionally A/B MACs and Common Electronic Data Interchange (CEDI) for DME MACs must follow the CMS instructions for Receipt, Control and Balancing.

40.2 - Generating an ERA if Required Data is Missing or Invalid (Rev. 2843, Issued: 12-27-13, Effective: 01-28-14, Implementation: 01-28-14)

The ASC X12 835 IG contains specific data requirements, which must be met to build a HIPAA compliant ERA. A claim could be received on paper that lacks data or has data that does not meet the data attributes or length requirements for preparation of a HIPAA-compliant ERA. If not rejected as a result of standard or IG level editing, a MAC must either send an SPR advice or a "gap filled" ERA to avoid noncompliance with HIPAA. For example, if a procedure code is sent with only four characters and the code set specified in the IG includes five character codes in the data element, and the code is not rejected by the front end edits, the claim would be denied due to the invalid procedure code. Preparation of an ERA with too few characters though would not comply with the IG requirements. The noncompliant ERA could be rejected by the receiver.

The shared system maintainers, working in conjunction with their MACs, must decide whether to generate an SPR, which is not covered by HIPAA, or to "gap fill" in this situation, depending on system capability and cost. Except in some very rare situations, "gap filling" would be expected to be the preferred solution. Shared System Maintainers must follow CMS gap-filling instruction. The MAC must notify the trading partners, if and when their files are affected, as to when and why gap-filling characters will appear in

an ASC X12 835.

40.3 - Electronic Remittance Advice Data Sent to Banks (Rev. 2843, Issued: 12-27-13, Effective: 01-28-14, Implementation: 01-28-14)

Under the HIPAA Privacy requirements, U. S. health care payers are prohibited from sending table two ASC X12 835 data (portion of ASC X12 835 containing protected patient health care information) (or protected patient health care information in any other paper or electronic format) to a bank, unless:

- That bank also functions as a health care data clearinghouse;
- The provider has authorized the bank as a health care data clearinghouse to receive that data; and
- The bank has signed an agreement to safeguard the privacy and security of the data.

The definition of a financial clearinghouse, as used by banks for transfer of funds, differs from the definition of health care data clearinghouse as used by HIPAA. The HIPAA definition must be met if a bank is to be authorized for receipt of table two or equivalent patient health care data.

Table two contains protected patient information that is not approved for release to a bank that is not an authorized health care data clearinghouse. A non-health data clearinghouse bank cannot receive ASC X12 835 data, except as provided in table one.

40.4 - Medicare Standard Electronic PC-Print Software for Institutional Providers (Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The PC Print software enables institutional providers to print remittance data transmitted by Medicare. A/B MACs (A) are required to make PC Print software available to providers for downloading at no charge. A/B MACs (A) may charge up to \$25 per mailing to recoup costs if the software is sent to providers on a CD/DVD or any other means at the provider's request when the software is available for downloading. This software must include self-explanatory loading and use information for providers. It should not be necessary to furnish provider training for use of PC Print software. A/B MACs (A) must supply providers with PC-Print software within 3 weeks of request. The A/B MAC (A) Shared System (FISS) maintainer will supply PC Print software and a user's guide for all A/B MACs (A). The FISS maintainer must assure that the PC Print software is modified as needed to correspond to updates in the ERA and SPR formats per CMS instruction.

Providers are responsible for any telecommunication costs associated with receipt of the ASC X12 835, but the software itself can be downloaded at no cost.

The PC Print software enables providers to:

- Allow the translation of the ASC X12 835 electronic remittance advice to user friendly report that can be reprinted;
- View and print remittance information on all claims included in the ASC X12 835;
- View and print remittance information for a single claim;
- View and print a summary of claims billed for each Type of Bill (TOB) processed on this ERA; and
- View and print a summary of provider payments.

The receiving PC always writes an ASC X12 835 file in ASCII. The providers may choose one or more print options, e.g., the entire transmission, a single claim, a summary by bill type, or a provider payment summary. If software malfunctions are detected, they are to be corrected through the FISS maintainer. Individual A/B MACs (A) or data centers may not modify the PC Print software.

The software will also print the CAQH CORE defined business scenarios along with the texts for Claim Adjustment Reason and Remittance Advice Remark Codes reported on the 835 to explain any adjustment.

40.5 - Medicare Remit Easy Print Software for Professional Providers and Suppliers

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The CMS has developed software that gives professional providers/suppliers a tool to view and print an ERA in a human readable format. This software is called Medicare Remit Easy Print (MREP). It has been developed in response to comments that CMS has received from the provider/supplier community demonstrating a need for paper documents to reconcile accounts, and facilitate claim submission to secondary/tertiary payers. This software became available on October 11, 2005 to the providers through their respective A/B MACs and CEDI. The software is scheduled to be updated three times a year to accommodate the Claim Adjustment Reason Code (CARC) and Remittance Advice Remark Code (RARC) tri-annual updates, and any applicable enhancements. In addition to these three regular updates, there is also an annual enhancement update, if needed.

The MREP software enables providers to:

- View and print remittance information on all claims included in the ASC X12 835;
- View and print remittance information for a single claim;
- View and print a summary page; and
- View, print, and export special reports.

This software can be downloaded free of cost, but A/B MACs and CEDI may charge up to \$25 per mailing to recoup costs if the software is sent to providers on a CD/DVD or

any other means at the provider's request when the software is available for downloading. MREP software has been updated to accommodate ASC X12 835 version 5010.

The software will also print the CAQH CORE defined business scenarios along with the texts for Claim Adjustment Reason and Remittance Advice Remark Codes reported on the 835 to explain any adjustment.

40.6 – ASC X12 835 Implementation Guide (IG) or Technical Report 3 (TR3)

(Rev. 10236, Issued: 07-31-2020, Effective: 08-31-2020, Implementation: 08-31-2020)

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 requires that Medicare, and all other health insurance payers covered under HIPAA comply with the electronic data interchange standards for health care as established by the Secretary of Health and Human Services. The 5010A1 version of the ASC X12 835 Technical Report 3 TR3 has been established as the standard for compliance for the 5010A1 version of the ASC X12 835 remittance advice transaction... The formal name of this TR3 is ASC X12 Standards for Electronic Data Interchange Technical Report Type 3—Health Care Claim Payment/Advice (835), and its current HIPAA compliant version is available electronically at the official Washington Publishing Company website.

Although that TR3 or implementation guide contains requirements for use of specific segments and data elements within the segments, it was written for use by all health plans and not specifically for Medicare. However, a Companion Document has been prepared by CMS to clarify when conditional data elements and segments must be used for Medicare reporting when reviewing the Companion Document, keep in mind the following information about loop usage (e.g., required, not used, and situational definitions). For additional information on this subject see the Implementation Guide:

- Loop usage within ASC X12 transactions and their implementation guides can be confusing. Care must be used to read the loop requirements in terms of the context or location within the transaction.
- The usage designator of a loop's beginning segment indicates the usage of the loop. Segments within a loop cannot be sent without the beginning segment of that loop.
- If the first segment is required, the loop must occur at least once unless it is nested in a loop that is not being used. A note on the required first segment of a nested loop will indicate dependency on the higher-level loop.
- If the first segment is Situational, there will be a Segment Note addressing use of the loop. Any required segments in loops beginning with a Situational segment occur only when the loop is used. Similarly, nested loops occur only when the higher-level loop is used.

Companion Documents for both Part A and Part B are available at:

http://www.cms.gov/ElectronicBillingEDITrans/30_CompanionGuides.asp#TopOfPage

50 - Standard Paper Remittance Advice

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The Standard Paper Remittance (SPR) is the hard copy version of an ERA. All A/B MACs and DME MACs must be capable of producing SPRs for providers who are unable or choose not to receive an ERA. A/B MACs and DME MACs suppress distribution of SPRs if a provider is also receiving ERAs for more than 31 days (institutional providers) or 45 days (professional providers/suppliers) respectively.

50.1 - The Do Not Forward (DNF) Initiative

(Rev.: 4388; Issued: 09-06-19; Effective: 10-07-19; Implementation: 10-07-19)

As part of the Medicare DNF Initiative, A/B MACs and DME MACs must use “return service requested” envelopes for mailing all hardcopy remittance advices. When the post office returns a remittance advice due to an incorrect address, follow the same procedures followed for returned checks; that is:

- Flag the provider “DNF”; A/B MAC staff must notify the provider enrollment area, and DME MACs must notify the National Supplier Clearing House (NSC);
- Cease generating any further payments or remittance advice to that provider or supplier until they furnish a new address that is verified; and
- When the provider returns a new address, MACs remove the DNF flag after the address has been verified, and pay the provider any funds still being held due to a DNF flag. MACs must also reissue any remittance that has been held as well.

NOTE: Previously, CMS required corrections only to the “pay to” address. However, with the implementation of this new initiative, CMS requires corrections to all addresses before the MAC can remove the DNF flag and begin paying the provider or supplier again. Therefore, do not release any payments to DNF providers until the provider enrollment area or the National Supplier Clearinghouse (NSC) has verified and updated all addresses for that provider’s location. MACs must initially publish the requirement that providers must notify the A/B MAC or NSC of any changes of address, both on their Web sites and in their next regularly scheduled bulletins. MACs must continue to remind suppliers and providers of this requirement in their bulletins at least yearly thereafter. See Chapter 1 for additional information pertaining to the DNF initiative.

60 - Remittance Advice Codes

(Rev. 11427; Issued: 05-20-22; Effective: 01-01-23; Implementation: 01-03-23)

NOTE: CMS seeks to reduce burden and modernize processes to ensure a reduction in improper payments and an increase in customer satisfaction. The Certificate of Medical Necessity (CMN) form and DME Information Form (DIF) were originally required to help document the medical necessity and other coverage criteria for selected Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items. In the past, a supplier received a signed CMN from the treating physician or created and signed a DIF to submit with the claim. Due to improvements in claims processing and medical records

management, the information found on CMNs or DIFs is available either on the claim or in the medical record and is redundant. Therefore, to reduce burden and increase customer satisfaction, providers and suppliers no longer need to submit these forms for services rendered after January 1, 2023.

- ***For claims with dates of service on or after January 1, 2023*** – providers and suppliers no longer need to submit CMNs or DIFs with claims. Due to electronic filing requirements, claims received with these forms attached will be rejected and returned to the provider or supplier.
- ***For claims with dates of service prior to January 1, 2023*** – processes will not change and if the CMN or DIF is required, it will still need to be submitted with the claim, or be on file with a previous claim.

This statement applies throughout the Program Integrity Manual wherever CMNs and DIFs are mentioned.

The remittance advice provides explanation of any adjustment(s) made to the payment. The difference between the submitted charge and the actual payment must be accounted for in order for the ASC X12 835 to balance. The term “adjustment” may mean any of the following:

- denied
- zero payment
- partial payment
- reduced payment
- penalty applied
- additional payment
- supplemental payment

Group Codes, Claim Adjustment Reason Codes and Remittance Advice Remark Codes are used to explain adjustments at the claim or service line level. Provider Level Adjustment or PLB Reason Codes are used to explain any adjustment at the provider level.

60.1 – Group Codes

(Rev. 2843, Issued: 12-27-13, Effective: 01-28-14, Implementation: 01-28-14)

A group code is a code identifying the general category of payment adjustment. A group code must always be used in conjunction with a claim adjustment reason code to show liability for amounts not covered by Medicare for a claim or service. MACs do not have discretion to omit appropriate codes and messages. MACs must use appropriate group, claim adjustment reason, and remittance advice remark codes to communicate clearly why an amount is not covered by Medicare and who is financially responsible for that amount. Valid Group Codes for use on Medicare remittance advice:

- CO - Contractual Obligations. This group code shall be used when a contractual agreement between the payer and payee, or a regulatory requirement, resulted in an adjustment. Generally, these adjustments are considered a write off for the provider and are not billed to the patient.
- OA - Other Adjustments. This group code shall be used when no other group code applies to the adjustment.
- PR - Patient Responsibility. This group code shall be used when the adjustment represent an amount that may be billed to the patient or insured. This group would typically be used for deductible and copay adjustments.

60.2 – Claim Adjustment Reason Codes

(Rev. 10236, Issued: 07-31-2020, Effective: 08-31-2020, Implementation: 08-31-2020)

Claim Adjustment Reason Codes (CARCs) are used on the Medicare electronic and paper remittance advice, and Coordination of Benefit (COB) claim transaction. The Claim Adjustment Status and Reason Code Maintenance Committee maintains this code set. A new code may not be added, and the indicated wording may not be modified without the approval of this committee. These codes were developed for use by all U.S. health payers. As a result, they are generic, and there are a number of codes that do not apply to Medicare. This code set is updated three times a year. MACs shall use only most current valid codes in ERA, SPR, and COB claim transactions.

Any reference to procedures or services mentioned in the reason codes apply equally to products, drugs, supplies or equipment. References to prescriptions also include certificates of medical necessity (CMNs).

These reason codes explain the reasons for any financial adjustments, such as denials, reductions or increases in payment. These codes may be used at the service or claim level, as appropriate. Current ASC X12 835 structures only allow one reason code to explain any one specific adjustment amount.

There are basic criteria that the Claim Adjustment Status and Reason Code Maintenance Committee considers when evaluating requests for new claim adjustment reason codes:

- Can the information be conveyed by the use or modification of an existing reason

code?

- Is the information available elsewhere in the ASC X12 835?
- Will the addition of the new reason code make any significant difference in the action taken by the provider who receives the message?

The list of Claim Adjustment Reason Codes can be found at the official Washington Publishing Company website.

The updated list is published three times a year after the committee meets before the ASC X12 trimester meeting in the months of January/February, May/June, and September/October. MACs must make sure that they are using the latest approved claim adjustment reason codes in ERA, SPR and COB transaction by implementing necessary code changes as instructed in the Recurring Code Update Change Requests (CRs) or any other CMS instruction and/or downloading the list from the WPC website after each update. The Shared System Maintainers shall make sure that a deactivated code (either reason or remark) is not allowed to be used in any original business message, but is allowed and processed when reported in derivative business messages. Code deactivation may be implemented prior to the stop date posted at the WPC web site to follow Medicare release schedule. SSMs shall implement deactivation on the earlier date if the implementation date in the recurring code update CR is different than the stop date posted at the WPC Web site.

The MACs are responsible for entering claim adjustment reason code updates to their shared system and entry of parameters for shared system use to determine how and when particular codes are to be reported in remittance advice and coordination of benefits transactions. In most cases, reason and remark codes reported in remittance advice transactions are mapped to alternate codes used by a shared system. These shared system codes may exceed the number of the reason and remark codes approved for reporting in a remittance advice transaction. A particular ASC X12 835 reason or remark code might be mapped to one or more shared system codes, or vice versa, making it difficult for a MAC to determine each of the internal codes that may be impacted by remark or reason code modification, retirement, or addition.

Shared systems must provide a crosswalk between the reason and remark codes to the shared system internal codes so that a MAC can easily locate and update each internal code that may be impacted by a remittance advice reason/remark code change to eliminate the need for lengthy and error prone manual MAC searches to identify each affected internal code. Shared systems must also make sure that 5-position remark codes can be accommodated at both the claim and service level for ASC X12 835 version 4010 onwards.

The effective date of programming for use of new or modified reason/remark codes applicable to Medicare is the earlier of the date specified in the CMS manual transmittal or CMS Recurring Code Update change request or the Medicare Claims Processing Manual transmittal that implemented a policy change that led to the issuance of the new or modified code. MACs must notify providers of the new and/or modified codes and their meanings in a provider bulletin or other instructional release prior to issuance of

remittance advice transactions that include these changes. Some CARCs are so generic that the reason for adjustment cannot be communicated clearly without at least one remark code. These CARCs have a note added to the text for identification. A/B MACs and DME MACs must use at least one appropriate remark code when using one of these CARCs.

60.3 – Remittance Advice Remark Codes

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

Remittance Advice Remark Codes (RARCs) are used in a remittance advice to further explain an adjustment or relay informational messages that cannot be expressed with a claim adjustment reason code. Remark codes are maintained by CMS, but may be used by any health plan when they apply. MACs must report appropriate remark code(s) that apply. There is another type of remark codes that does not add supplemental explanation for a specific adjustment but provides general adjudication information. These “Informational” remark codes start with the word “Alert” and can be reported without Group and Claim Adjustment Reason Code. An example of an “Informational” RARC would be:

MA01: Alert: If you do not agree with what we approved for these services, you may appeal our decision. To make sure that we are fair to you, we require another individual that did not process your initial claim to conduct the appeal. However, in order to be eligible for an appeal, you must write to us within 120 days of the date you received this notice, unless you have a good reason for being late.

Remark codes at the service line level must be reported in the ASC X12 835 LQ segment. Remark codes that apply to an entire claim must be reported in either an ASC X12 835 MIA (inpatient) or MOA (non-inpatient) segment, as applicable. Although the IG allows up to 5 remark codes to be reported in the MOA/MIA segment and up to 99 remark codes in the LQ segment, system limitation may restrict how many codes MACs can actually report.

The remark code list is updated three times a year, and the list is posted at the WPC website and gets updated at the same time when the reason code list is updated. Both code lists are updated on or around March 1, July 1, and November 1. MACs must use the latest approved remark codes as included in the Recurring Code Update CR or any other CMS instruction or downloading the list from the WPC Website after each update. MAC and shared system changes must be made, as necessary, as part of a routine release to reflect changes such as retirement of previously used codes or newly created codes that may impact Medicare.

60.4 - Requests for Additional Codes

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The CMS has a national responsibility for maintenance of the remittance advice remark codes and the Claim Adjustment Status Code Maintenance Committee maintains the claim adjustment reason codes. Requests for new or modification or deactivation of RARCs and CARCs should be sent to a mail box set up by CMS:

Remittance_Advice.CMS.HHS.GOV.

The MACs should send their requests to this mail box for any change in CARC, RARC or any code combination. Requests for codes must include the suggested wording for the new or revised message, and an explanation of how the message will be used and why it

is needed or a justification for the request.

To provide a summary of changes introduced in the previous 4 months, a code update instruction in the form of a CR is issued. These CRs will establish the deadline for Medicare shared system and MAC changes to complete the reason and/or remark code updates that had not already been implemented as part of a previous Medicare policy change instruction.

80 – The Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Mandated Operating Rules (Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

Section 1104 of the Patient Protection and Affordable Care Act (ACA) establishes the development and implementations of “requirements for administrative transactions that will improve the utility of the existing HIPAA transactions and reduce administrative costs.” A/B MACs/ CEDI/ and DME MACs are required to conform to the following CAQH Core Operating Rules impacting the transmittals of X12 835 transactions.

A complete list of ACA mandated operating rules are available at http://www.caqh.org/ORMandate_index.php.

80.1 - Health Care Claim Payment/Advice (835) Infrastructure Rule (Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

Section 1104 of the Patient Protection and Affordable Care Act (ACA) establishes the development and implementations of “requirements for administrative transactions that will improve the utility of the existing HIPAA transactions and reduce administrative costs.” A/B MACs/ CEDI/ and DME MACs are required to conform to the following CAQH Core Operating Rules impacting the transmittals of X12 835 transactions.

A complete list of ACA mandated operating rules are available at http://www.caqh.org/ORMandate_index.php.

80.1.1 - Version X12/5010X221 Companion Guide (Rev. 2843, Issued: 12-27-13, Effective: 01-28-14, Implementation: 01-28-14)

CAQH CORE mandated operating rules require the usage of a companion guide for the ASC X12 835 standard transaction. This companion guide is to correspond with the already existing V5010 ASC X12 Implementation Guide.

A companion guide template is available at: <http://www.caqh.org/pdf/CLEAN5010/MasterCompGuidTemp-v5010.pdf>

80.2 - Uniform Use of CARCs and RARCs Rule (Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The CAQH CORE mandated operating rules require the usage of a standardized CARC

and RARC combinations when used on the ASC X12 835 transactions. These combinations are maintained in a list updated three times a year by CAQH CORE.

The complete CARC/RARC code combination list is available at:
<http://www.caqh.org/CORECodeCombinations.php>

The MACs may submit to CMS a request for modification to an existing code combination or a request to create a new code combination to the CAQH CORE Code Combination List. MACs may also request modifications, additions, or deletions of individual CARC and RARC codes to CMS. Requests are to be submitted to:
Remittance_Advice@CMS.HHS.GOV.

All requests must include business justifications and contain, when available, reference to CMS instruction for the requested action.

80.3 - EFT Enrollment Data Rule

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The CAQH CORE mandated operating rules establish standards for the enrollment of providers to electronic funds transfer (EFT) programs. The rule mandates the required data elements and the order in which they appear on the EFT enrollment forms. The rule also mandates acceptable EFT enrollment submission formats.

A complete list of required data elements and submission formats are available at
http://www.caqh.org/Host/CORE/EFT-ERA/EFT_Enrollment_Data_Rule.pdf

80.4 - ERA Enrollment Form

(Rev. 3288, Issued: 07-02-15, Effective: 08-03-15, Implementation: 08-03-15)

The CAQH CORE mandated operating rules establish standards for the enrollment of providers to ERA programs. The rule mandates the required data elements and the order in which they appear on the ERA enrollment forms. The rule also mandates acceptable EFT enrollment submission formats.

A complete list of required data elements and submission formats are available at
http://www.caqh.org/Host/CORE/EFT-ERA/ERA_Enrollment_Data_Rule.pdf

Transmittals Issued for this Chapter

Rev #	Issue Date	Subject	Impl Date	CR#
<u>R11427CP</u>	05/20/2022	Claims Processing Manual Update - Pub. 100.04 for Elimination of Certificates of Medical Necessity (CMNs) and Durable Medical Equipment Forms (DIFs)	01/03/2023	12734
<u>R11414CP</u>	05/12/2022	Claims Processing Manual Update - Pub. 100.04 for Elimination of Certificates of Medical Necessity (CMNs) and Durable Medical Equipment Forms (DIFs) - Rescinded and replaced by Transmittal 11427	06/13/2022	12734
<u>R10236CP</u>	07/31/2020	Update to the IOM Publication (Pub) 100-04, Medicare Claims Processing Manual, Chapters 1, 6, 8, 17, 20, 22, 24, and 31 Referencing the Active Universal Resource Locators (URLs) for the Washington Publishing Company (WPC) and the ASC X12 Organizations, and Updates to the HIPAA Eligibility Transaction System (HETS)	08/31/2020	11857
<u>R4388CP</u>	09/06/2019	Manual Updates to Chapters 1, 22, 24, 26, and 31 in Publication (Pub.) 100-04	10/07/2019	11331
<u>R3288CP</u>	07/02/2015	Medicare Internet Only Manual Publication 100-04 Chapter 22 Remittance Advice	08/03/2015	9199
<u>R2843CP</u>	12/27/2013	Medicare Claims Processing Pub. 100-04, Chapter 22 Update	01/28/2014	8513
<u>R2594CP</u>	11/16/2012	Testing HIPPA Transactions Following a System Change	04/01/2013	8094
<u>R2213CP</u>	05/06/2011	Claim Adjustment Reason Code (CARC), Remittance Advice Remark Code (RARC), and Medicare Remit Easy Print (MREP) Update	07/05/2011	7369
<u>R2205CP</u>	04/29/2011	IOM 100-04 Chapter 22 Update for Remittance Advice for Version 5010-ASC X12N 0050A1 and Related Standard Paper Remittance (SPR)	05/31/2011	7308

Rev #	Issue Date	Subject	Impl Date	CR#
<u>R2194CP</u>	04/22/2011	Claim Adjustment Reason Code (CARC), Remittance Advice Remark Code (RARC), and Medicare Remit Easy Print (MREP) Update – Rescinded and replaced by Transmittal 2213	07/05/2011	7369
<u>R1385CP</u>	11/30/2007	Shared System Participation in Claim Adjustment Reason Code and Remittance Advice Remark Code Maintenance	04/07/2008	5806
<u>R1343CP</u>	09/21/2007	Stage 3 NPI Changes for Transaction 835 and Standard Paper Remittance Advice	07/02/2007	5452
<u>R1241CP</u>	05/18/2007	Stage 3 NPI Changes for Transaction 835 and Standard Paper Remittance Advice - Replaced by Transmittal 1343	07/02/2007	5452
<u>R1063CP</u>	09/22/2006	Ending the Contingency Plan for Remittance Advice and Charging for PC Print, Medicare Remit Easy Print, and Duplicate Remittance Advice	10/23/2006	5308
<u>R1033CP</u>	08/18/2006	Revise Chapters 22 and 24 to delete references to free downloads of X12 implementation guides adopted as HIPAA standards from Washington Publishing Company (WPC)	11/20/2006	5247
<u>R996CP</u>	06/30/2006	Stage 2 NPI Changes for Transaction 835, and Standard Paper Remittance Advice, and Changes in Medicare Claims Processing Manual, Chapter 22 - Remittance Advice - Replaces Rev. 948	10/02/2006	5081
<u>R948CP</u>	05/12/2006	Stage 2 NPI Changes for Transaction 835, and Standard Paper Remittance Advice, and Changes in Medicare Claims Processing Manual, Chapter 22 - Remittance Advice	10/02/2006	5081
<u>R885CP</u>	03/10/2006	Suppression of Standard Paper Remittance Advice to Providers and Suppliers Also Receiving Electronic Remittance Advice for 45 Days or More.	06/01/2006	4376
<u>R555CP</u>	05/02/2005	Fiscal Intermediary (FI) Reporting of Add-on Payments that Do Not Result in a	10/03/2005	3866

Rev #	Issue Date	Subject	Impl Date	CR#
		Specific Increase or Decrease in the Amount Reported as Payable for a Claim or a Service on a Remittance Advice.		
<u>R252CP</u>	07/23/2004	Expansion of paper remittance advice to accommodate forced balanced amount, corresponding change in the flat file, and a change in the companion document for fiscal intermediaries (FIs) and their shared system maintainer (SSM)	01/03/2005	3344
<u>R001CP</u>	10/01/2003	Initial Publication of Manual	NA	NA

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