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Attention Physicians and Providers!

Effective October 1, 2006, Medicare will only generate Health Insurance Portability and Accountability Act (HIPAA) compliant remittance advice—transaction 835 version 004010A1—to all electronic remittance advice receivers. For more details, see MLN Matters article SE0656 at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE0656.pdf.

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Related CR Transmittal #: R1031CP
Implementation Date: October 2, 2006

Remittance Advice Remark Code (RARC) and Claim Adjustment Reason Code (CARC) Update

Note: This article was updated on June 5, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Providers, physicians, and suppliers who bill Medicare fiscal intermediaries (FIs), including regional home health intermediaries (RHHIs), Medicare carriers, including durable medical equipment regional carriers (DMERCs) and Durable Medical Equipment Medicare Administrative Contracts (DME MACs).

Provider Action Needed

STOP – Impact to You

The November 2005 through February 2006 updates have been posted for the X12N 835 Health Care Remittance Advice Remark Codes (RARCs) and the X12N 835 Health Care Claim Adjustment Reason codes (CARCs).

CAUTION – What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) has developed a new web site located at *http://www.cmsremarkcodes.info/* on the CMS website, to provide information and help navigate the RARC database more easily. A helpful search tool is provided at this site if you need to find a specific category of code. This new website does not replace the Washington Publishing Company (WPC) website, *http://www.wpc-edi.com/codes*, as the official site where the most current RARC list resides. Use the list posted at the WPC website if there are any discrepancies between code text listed either on the new website or in this article, and the code text provided on the WPC website.

GO – What You Need to Do

Please refer to the *Background* section of this article for a summary of the RARC and CARC code text changes.

Background

Among the codes sets mentioned in the Implementation Guide for transaction 835 (Health Care Claim Payment/Advice), the following two code sets must be used to report payment adjustments and related information for transaction 835 and the standard paper remittance advice for Medicare:

- Claim Adjustment Reason Code (CARC); and
- Remittance Advice Remark Code (RARC).

Additionally, for the coordination of benefits (COB) transaction (837), the CARC must be used.

Both of these code sets are updated three times a year, and Medicare issues recurring Change Requests (CRs) that capture the changes in these code sets that have been approved in the previous four months.

Summary of Current Updates (November 1, 2005 – February 28, 2006 Changes)

Remark Code (RARC) Changes

New: The following code table reflects new remark codes:

New Code	Current Narrative
N365	This procedure code is not payable. It is for reporting/information purposes only.

New Code	Current Narrative
N366	Requested information not provided. The claim will be reopened if the information previously requested is submitted within one year after the date of this denial notice.
N367	The claim information has been forwarded to a Health Savings Account processor for review.
N368	You must appeal the determination of the previously adjudicated claim.
N369	Alert: Although this claim has been processed, it is deficient according to state legislation/regulation.

Modified: Remark Code MA02 was modified effective December 29, 2005. Its modified narrative is:

> "If you do not agree with this determination, you have the right to appeal. You must file a written request for an appeal within 180 days of the date you receive this notice. Decisions made by a Quality Improvement Organization (QIO) must be appealed to that QIO within 60 days."

This modification is effective January 1, 2006, and was implemented on or before May 17, 2006.

Deactivated: Code MA03 was deactivated effective October 1, 2006. Remark code MA02 may be used instead.

Reason Code (CARC) Changes

New: The following table reflects new reason codes:

New Code	Current Narrative	New as of:
193	Original payment decision is being maintained. This claim was processed properly the first time.	February 2006
194	Payment adjusted when anesthesia is performed by the operating physician, the assistant surgeon or the attending physician.	February 2006
195	Payment denied/reduced due to a refund issued to an erroneous priority payer for this claim/service	February 2006

Additional Information

CR5212 is the official instruction issued to your Medicare carrier/DMERC/FI/RHHI regarding changes mentioned in this article. CR5212 may be found at http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1031CP.pdf on the CMS website.

For more information on the process used to update these two codes sets, see the *MLN Matters* article, MM44314, available at http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM4314.pdf on the CMS website.

If you have questions please contact your local Medicare carrier/DMERC/FI/RHHI at their toll-free number, which may be found at http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.htm/ on the CMS website.