CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-05 Medicare Secondary Payer	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 68	**Date: APRIL 24, 2009**
	Change Request 6364

Subject: Claim Adjustment Reason Code (CARC) Update for Medicare Secondary Payer (MSP) Claims Processing

I. SUMMARY OF CHANGES: All Medicare contractors and associated SSMs must utilize CAS segment adjustments on the 837 Institutional and Professional claims when adjudicating MSP claims. Shared System Maintainers and contractors must make the necessary changes on a regular basis as per this MSP CAS update change request. The attached recurring Update Notification applies to chapter 5, section 40.7.3.

New / Revised Material
Effective Date: October 1, 2009
Implementation Date: October 5, 2009

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

Pub. 100-05	Transmittal: 68	Date: April 24, 2009	Change Request: 6364

SUBJECT: Claim Adjustment Reason Code (CARC) Update for Medicare Secondary Payer (MSP) Claims Processing

Effective Date: October 1, 2009

Implementation Date: October 5, 2009

I. GENERAL INFORMATION

A. Background: The Health Insurance Portability and Accountability Act (HIPAA) of 1996 instructs health plans to be able to conduct standard electronic transactions adopted under HIPAA using valid standard codes. Medicare policy states that Claim Adjustment Reason Codes (CARCs) are required in the remittance advice and coordination of benefits transactions. CARCs are an integral part of processing Medicare Secondary Payer (MSP) claims and must be utilized as appropriate in processing MSP claims depending on the CARC identified in the CAS segment. CARC changes that impact Medicare are usually requested by CMS staff in conjunction with a policy change. Contractors and Shared System Maintainers (SSMs) are notified about these code changes through another change request; however, this CR instructs Contractors and SSMs how these new or updated adjustments shall be utilized when processing MSP claims.

B. Policy: All Medicare contractors and associated SSMs must utilize CAS segment adjustments on the 837 Institutional and Professional claims when adjudicating MSP claims. Shared System Maintainers and contractors must make the necessary changes on a regular basis as per this MSP CAS update change request. Although corresponding CR 6336 is being implemented on April 6, 2009, this CR is being scheduled for a July 6, 2009, implementation since the MSP CAS segment CR 6211 and CR 6275 are also being implemented on July 6, 2009.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6364.1	The Medicare contractors and shared system maintainers shall take into consideration CRs 6211, 6275 and 6336 when implementing this instruction.	X	X	X	X	X	X	X	X		
6364.2	The shared system maintainers shall update codes that						X	X	X		

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	have been modified and apply to MSP claims.										
6364.3	The shared system maintainers shall update reason codes to include new codes that apply to MSP claims.						X	X	X		
6364.4	The shared system maintainers shall modify their systems to utilize the following claim adjustment reason codes when processing MSP claims.						X	X	X		
6364.5	CARC 226: Information requested from the Billing/Rendering Provider was not provided or was insufficient/incomplete. At least one Remark Code must be provided (may be comprised of either the Remittance Advice Remark Code or NCPDP Reject Reason code.)	X	X	X	X	X	X	X	X		
6364.5.1	Add adjustment amount to the primary payers' payment if the MSP payment amount is greater than zero or deny the service if primary payer denied the service and zero payment was made.						X	X	X		
6364.6	CARC 227: Information requested from the patient/insured/responsible party was not provided or was insufficient/incomplete. At least one Remark Code must be provided (may be comprised of either the Remittance Advice Remark Code or NCPDP Reject Reason Code.)	X	X	X	X	X	X	X	X		
6364.6.1	Add adjustment amount to the primary payers' payment if the MSP payment amount is greater than zero or deny the service if primary payer denied the service and zero payment was made.						X	X	X		
6364.7	CARC 228: Denied for failure of this provider, another provider, or the subscriber to supply requested information to a previous payer for their adjudication.	X	X	X	X	X	X	X	X		
6364.7.1	This service shall be denied by Medicare when this CARC appears on a claim.						X	X	X		
6364.8	Modified CARC 148: No changes to MSP claims processing are required.	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	None.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Richard Mazur, Richard.Mazur2@cms.hhs.gov

Post-Implementation Contact(s): Richard Mazur, Richard.Mazur2@cms.hhs.gov

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs):*

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs):*

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.