



Provider Inquiry Assistance

Implementation of a New Claim Adjustment Reason Code (CARC) No. 213: "Non-compliance with the physician self-referral prohibition legislation or payer policy" – JA6131

Related CR Release Date : August 15, 2008

Date Job Aid Revised: September 11, 2008

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

Key Words

MM6131, CR6131, R1578CP, CARC, Non-compliance

Contractors Affected

- Medicare Carriers
- Fiscal Intermediaries (FIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)
- Regional Home Health Intermediaries (RHHIs)
- Durable Medical Equipment Medicare Administrative Contractors (DME MACs)

Provider Types Affected

Physicians, providers, and suppliers who bill Medicare Carriers, FIs, A/B MACs, RHHIs, or DME MACs for services provided to Medicare beneficiaries



Change Request (CR) 6131 instructs Medicare Carriers, FIs, A/B MACs, RHHIs, and DME MACs (effective January 1, 2009) to use the new Claim Adjustment Reason Code (CARC) No. 213 when denying claims based on non-compliance with the physician self-referral prohibition.

Provider Needs to Know...

- So that both the designated health services (DHS) providers and the industry will know that claims are being denied because of non-compliance with the physician self-referral prohibitions, carriers, FIs, A/B MACs, RHHIs, and DME MACs are instructed to use the new CARC No. 213 (effective January 1, 2009) when denying claims based on non-compliance with the physician self-referral prohibition.
- Medicare contractors will use this code any time they deny a claim because a physician (or one or more of their immediate family members) has a financial interest in a DHS provider and fails to meet one of the exceptions referenced below.

Exceptions:

- The statute enumerates various exceptions, including exceptions for physician ownership or investment interest in hospitals and rural providers.
 - Providers can read these exceptions in Section 1877 of the Social Security Act, which can be found at http://www.cms.hhs.gov/PhysicianSelfReferral/Downloads/section_1877.pdf on the CMS website.
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Background

- Unless an exception applies (as referenced above), Section 1877 of the Social Security Act (the Act), prohibits a physician from referring a Medicare patient for certain DHS to an entity with which the physician (or his/her immediate family member(s)) has a financial relationship.
- A “financial relationship” includes both ownership/investment interests and compensation arrangements (for example, contractual arrangements).
- The following services are DHS:
 - Clinical laboratory services;
 - Radiology and certain other imaging services (including magnetic resonance imaging, computed tomography scans and ultrasound);
 - Radiation therapy services and supplies;
 - DME and supplies;
 - Orthotics, prosthetics, and prosthetic devices;
 - Parenteral and enteral nutrients, equipment and supplies;
 - Physical therapy, occupational therapy, speech-language pathology services;
 - Outpatient prescription drugs;
 - Home health services and supplies; and
 - Inpatient and outpatient hospital services.
- Section 1877 of the Act also prohibits the DHS entity from submitting to Medicare, the beneficiary, or any entity for DHS, claims that are furnished as a result of a prohibited referral.

Note: Violations of this statute are punishable by: 1) Denial of payment for all DHS claims; 2) Refunds of amounts collected for DHS claims; and 3) Civil money penalties for knowing violations of the prohibition.

- Prior to the publication of the new CARC No. 213 (“Non-compliance with the physician self-referral prohibition legislation or payer policy”), there was no specific code to describe claims that are denied based on “Stark” (the physician self-referral statute at Section 1877 of the Act).
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Operational
Impact

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6131.pdf> on the CMS website.

Reference
Materials

The official instruction (CR6131) regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1578CP.pdf> on the CMS website.

The updated *Medicare Claims Processing Manual*, Chapter 1 (General billing requirements), Section 180 (Denial of Claims Due to Violations of Physician Self-Referral Prohibition) is an attachment to CR6131.
