



## Remittance Advice Coding to Identify Claims Subject to the Limitation on Home Health Prospective Payment System (HH PPS) Outlier Payments – JA6897

Related CR Release Date: April 28, 2010

Date Job Aid Revised: May 3, 2010

Effective Date: March 1, 2010

Implementation Date: October 4, 2010

**Key Words** MM6897, CR6897, R1956CP, Remittance, Advice, Coding, Limitation, HH PPS, Outlier

**Contractors Affected**

- Regional Home Health Intermediaries (RHHIs)
- Home Health Medicare Administrative Contractor (HH MAC)

**Provider Types Affected** Provider types affected are Home Health Agencies (HHAs) who submit claims to their RHHI or to the HH MAC -- National Heritage Insurance Corporation (only Jurisdiction 14 (J14)) for services provided to Medicare beneficiaries.



- Change Request (CR) 6897 instructs Medicare RHHIs and the J14 HH MAC to use the combination of a new Remittance Advice Remark Code (RARC) and a changed Claim Adjustment Reason Code (CARC) for institutional HHA claims that are subject to the HH PPS outlier limitation (effective on claims with dates of service on or after March 1, 2010).
- CR6897 contains no new policy but only creates coding to enable current policy to be more completely described.

**Provider Needs to Know...**

- Effective January 1, 2010, the calendar year 2010 outlier payments made to each HHA are subject to an annual limitation of no more than 10 percent of the HHA's total HH PPS payments for the year.
- **The new RARC is N523** (The limitation on outlier payments defined by this payer for this service period has been met. The outlier payment otherwise applicable to this claim has not been paid.).
- **The newly associated CARC is B5** (Coverage/program guidelines were not met or were exceeded.).
- CR6897 instructs RHHIs to use RARC N523 for outlier payments in conjunction with CARC B5, which the Centers for Medicare & Medicaid Services (CMS) feels is more appropriate than CARC 45, when an outlier amount is calculated but cannot be paid.

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- Therefore, effective for claims with dates of service on or after March 1, 2010, when the calculated outlier amount is not paid due to the limitation, providers will be alerted by the presence of the following codes on their remittance advice:
    - Group code CO: "Contractual Obligation;"
    - CARC B5; and
    - RARC N523.
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Background

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- Until now, CARC 45 (*charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement*) has been used to alert providers when an outlier payment for a claim that was otherwise eligible for an outlier payment was not made because their outlier limitation had already been reached.
  - While CMS determined that CARC 45 is **generally** applicable to the outlier limitation, it does not fully describe the payment situation to the provider.
  - To improve the clarity of the remittance advice coding in these cases, and to facilitate the provider more easily identifying when a claim is subject to the HH PPS outlier limitation, CMS requested a new remittance advice remark code to use in cases when the outlier limitation is met.
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Operational  
Impact

Medicare will take no action on claims processed prior to October 4, 2010, for the purpose of changing the assigned remittance advice coding.

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Reference  
Materials

The related MLN Matters® article can be found at <http://www.cms.gov/MLN MattersArticles/downloads/MM6897.pdf> on the CMS website.

The official instruction (CR6897) issued regarding this change may be found at <http://www.cms.gov/Transmittals/downloads/R1956CP.pdf> on the CMS website.

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