

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



REMINDER product from the Medicare Learning Network® (MLN)

- [“Medicare Coverage of Imaging Services”](#) fact sheet, ICN 907164, downloadable

MLN Matters® Number: MM8488 **Revised**

Related Change Request (CR) #: CR 8488

Related CR Release Date: December 27, 2013

Effective Date: April 1, 2014

Related CR Transmittal #: R1330TN

Implementation Date: April 7, 2014

Revised Beneficiary Liability and Messages Associated with Denials for Claims for Services Furnished to Incarcerated Beneficiaries

Note: This article was revised on January 15, 2014, to reflect the revised CR8488 issued on December 27, 2013. In the article, the effective and implementation dates are changed and the CARC and RARC descriptions are changed to reflect the revised CR8488 descriptions. Also, the CR release date, transmittal number and the Web address for accessing the CR are revised.

Provider Types Affected

This MLN Matters® article is intended for physicians, other providers, and suppliers who submit claims to Medicare Administration Contractors (MACs), including Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for services provided to Medicare beneficiaries while they are in Federal, State, or local custody.

Provider Action Needed

This article is based on Change Request (CR) 8488 which instructs Medicare Claims Administration Contractors to use an updated Claim Adjustment Reason Code (CARC), Remittance Advice Remark Code (RARC), and Group Code when denying claims for services furnished to incarcerated Medicare

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beneficiaries. See the Background and Additional Information Sections of this article for further details regarding these changes. Make sure that your billing staffs are aware of these changes.

Background

According to Federal regulations at 42 CFR 411.4, Medicare does not pay for services furnished to a beneficiary who has no legal obligation to pay for the service, and no other person or organization has a legal obligation to provide or pay for the service. Refer to the Electronic Code of Federal Regulations (e-CFR) at <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=1270613eb7cae1ed8c62899034b0eca2&rqn=div8&view=text&node=42:2.0.1.2.1.1.35.3&idno=42> on the Internet. This exclusion presumptively applies to individuals who are incarcerated.

Under 42 CFR 411.6, Medicare does not pay for services furnished by a federal provider of services or by a federal agency. Also, under 42 CFR 411.8, Medicare does not pay for services that are paid for directly or indirectly by a governmental entity.

As such, when claims for services furnished to beneficiaries who are incarcerated are submitted to Medicare, the claims are rejected by the Common Working File (CWF) and denied by the claims processing contractors. Per previously issued instructions (most recently, CR7678, Transmittal 1054, issued 3/7/2012; see related MLN Matters® article at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM7678.pdf>), MACs use the following remittance advice messages and Group Code when denying such claims:

- **Claim Adjustment Reason Code (CARC): 96** - "Non-covered charges."
- **Remittance Advice Remark Code (RARC): N103** - "Social Security records indicate that this patient was a prisoner when the service was rendered. This payer does not cover items and services furnished to an individual while he or she is in a Federal facility, or while he or she is in State or local custody under a penal authority, unless under State or local law, the individual is personally liable for the cost of his or her health care while incarcerated and the State or local government pursues such debt in the same way and with the same vigor as any other debt."
- **Group Code: PR** - Patient Responsibility.

CR8488 revises the remittance advice messages and group code used for denials of claims for services furnished to incarcerated beneficiaries.

MACs will begin using the following new CARC code when denying claims for services furnished to beneficiaries while they are in Federal, State, or local custody:

- **CARC: 258** - Claim/service is not covered when patient is in custody/ incarcerated. Applicable federal, state or local authority may cover this claim/service.

In addition, MACs will begin using the following revised RARC N103 language when denying claims for services furnished to beneficiaries while they are in Federal, State, or local custody:

- **RARC: N103** - "Records indicate this patient was a prisoner or in custody of a Federal, State, or local authority when the service was rendered. This payer does not cover items and services furnished to an individual while he or she is in custody under a penal statute or rule, unless under

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State or local law, the individual is personally liable for the cost of his or her health care while in custody and the State or local government pursues the collection of such debt in the same way and with the same vigor as the collection of its other debts. The provider can collect from the Federal/State/Local authority as appropriate. "

MACs will begin using the following Group Code to assign proper liability when denying claims for services furnished to beneficiaries while they are in Federal, State, or local custody so that the provider or supplier should seek repayment for the cost of its services provided from the authority that was in custody of the beneficiary on the date of service:

- **Group Code: OA** - Other Adjustment

Other than the above, MACs will continue to use existing Remittance Advice codes and messages and MSN language already in place when denying claims for services furnished to beneficiaries while they are in Federal, State, or local custody.

Additional Information

The official instruction, CR8488 issued to your MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R13300TN.pdf> on the CMS website.

If you have any questions, please contact your MAC 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.html> on the CMS website.

News Flash - Generally, Medicare Part B covers one flu vaccination and its administration per flu season for beneficiaries without co-pay or deductible. Now is the perfect time to vaccinate beneficiaries. Health care providers are encouraged to get a flu vaccine to help protect themselves from the flu and to keep from spreading it to their family, co-workers, and patients. Note: The flu vaccine is not a Part D-covered drug. For more information, visit:

- [MLN Matters® Article #MM8433](#), "Influenza Vaccine Payment Allowances - Annual Update for 2013-2014 Season"
- [MLN Matters® Article #SE1336](#), "2013-2014 Influenza (Flu) Resources for Health Care Professionals"
- [HealthMap Vaccine Finder](#) - a free, online service where users can search for locations offering flu and other adult vaccines. While some providers may offer flu vaccines, those that don't can help their patients locate flu vaccines within their local community.

The CDC website for [Free Resources](#), including [prescription-style tear-pads](#) that allow you to give a customized flu shot reminder to patients at high-risk for complications from the flu.

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