

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1433	Date: November 6, 2014
	Change Request 8790

SUBJECT: Additional Instruction on the Use of Claims Adjustment Reason Codes (CARCs) and Remittance Advice Remark Codes (RARCs) with Regard to Operating Rule: 360 Compliance

I. SUMMARY OF CHANGES: To provide further instruction on the use of Claims Adjustment Reason Codes (CARCs) independently and the use of CARC and Remittance Advice Reason Codes (RARCs) in combinations not defined by the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Code Combination Four (4) defined Business Scenarios.

EFFECTIVE DATE: April 1, 2015

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

IMPLEMENTATION DATE: April 6, 2015

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

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

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 obliged 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:

One Time Notification

Attachment - One-Time Notification

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EFFECTIVE DATE: April 1, 2015

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I. GENERAL INFORMATION

A. Background: To provide further instruction on the use of Claims Adjustment Reason Codes (CARCs) independently and the use of CARC and Remittance Advice Reason Codes (RARCs) in combinations not defined by the Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) Code Combination four (4) defined Business Scenarios.

B. Policy: The Patient Protection and Affordable Care Act (ACA) Section 1104.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
8790.1	Contractors shall deem the following scenarios compliant with the CAQH CORE Code Combination list:	X	X	X	X	X	X	X			
8790.1.1	CARCs named within the CAQH CORE-defined Business Scenarios shall be used without any associated RARCs, unless said CARC definition specifies that a RARC must be used. These CARCs may be found in Attachment I, limited to Attachment I. For a comprehensive list refer to http://www.wpc-edi.com/reference/codelists/healthcare/claim-adjustment-reason-codes/ and http://www.wpc-edi.com/reference/codelists/healthcare/remittance-advice-remark-codes/ .	X	X	X	X	X	X	X			
8790.1.1.1	Only Claim Adjustment Group Codes (CAGC) named within the CAQH Core Code Combination list shall be used with designated CARCs named in the	X	X	X	X	X	X	X			

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
	CAQH CORE-defined Business Scenarios.									
8790.1.1.2	CARCs contained within the stated CAQH CORE-defined Business Scenarios without associated RARCs shall only be used independently or with an alert-RARC.	X	X	X	X	X	X	X		
8790.1.1.3	Alert-RARCs may be used with any individual CARC or CARC/RARC combination named within the CAQH CORE-defined Business Scenarios.	X	X	X	X	X	X	X		
8790.1.2	CARCs named within one of the CORE-defined Business Scenarios shall only use RARCs that are named compliant in the CORE Code Combination List.	X	X	X	X	X	X	X		
8790.1.3	CARCs, defined as requiring the use of one standard RARC (see BR 8790.1.1), contained within the CAQH CORE-defined Business Scenarios may only be used with RARC(s) named as compliant in the CAQH CORE-defined Business Scenarios. An alert-RARC may be included in addition to the approved code combination.	X	X	X	X	X	X	X		
8790.1.3.1	RARCs with an alert designation may be used in association with allowed CAQH CORE code combinations and be considered compliant.	X	X	X	X					
8790.2	Contractors shall deem the following scenarios compliant with the CAQH CORE Code Combination list:	X	X	X	X					
8790.2.1	CARCs not contained within the CAQH CORE-defined Business Scenarios may be used without any associated RARCs, unless otherwise stated in the CARC definition (see BR 8790.1.1), shall be deemed compliant.	X	X	X	X	X	X	X		
8790.2.2	All standard RARCs may be associated with CARCs not named within the CAQH CORE Code Combination list and be considered compliant.	X	X	X	X					
8790.2.3	RARCs with an alert designation may be used in	X	X	X	X					

Number	Requirement	Responsibility										
		A/B MAC			D M E M A C	Shared- System Maintainers				Other		
		A	B	H H H		F I S S	M C S	V M S	C W F			
	association with any of the above CARCs and be considered compliant.											
8790.3	Contractors shall deem the following scenarios non-compliant with the CAQH CORE Code Combination list:	X	X	X	X							
8790.3.1	Any CARC named within the CAQH CORE-defined Business Scenarios that is associated with a RARC that is not listed with said CARC, shall be deemed non compliant.	X	X	X	X							
8790.4	Contractors shall continue to comply with the most recently published CAQH CORE Code Combination list, updated with a CMS Change Request (CR) 3 times a year, for all CARCs named within the CAQH CORE-defined Business Scenarios.	X	X	X	X							
8790.5	Contractors shall make all necessary system changes to allow for 5 CAGC code choices for selected code combinations.							X				
8790.6	Contractors shall not publish business scenario indicators, within the PC Print, PCACE, and MREP programs, for CARC/RARC code combinations falling outside of the CAQH CORE-defined Business Scenarios.						X		X			
8790.7	Contractors shall continue to follow MREP, PC Print, and PCACE instructions as provided in CMS CR 8479.						X		X			
8790.8	FISS shall provide CMS with alternatives for the current use of CARC 96 without associated RARCs. Alternatives are due to CMS by COB January 17, 2015.						X					
8790.8.1	FISS shall send recommended alternative to lauren.vandegrift@cms.hhs.gov .						X					
8790.8.2	FISS shall be prepared to discuss suggested alternative in an hour long call.						X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C D I
		A	B	H H H	M A C	
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Lauren Vandegrift, 410-786-4882 or lauren.vandegrift@cms.hhs.gov, Sumita Sen, 410-786-5755 or sumita.sen@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 1

List of Claim Adjustment Reason Codes (CARCs) requiring the use of at least one standard Remittance Advice Remark Code (RARC).

*This attachment may not constitute a comprehensive list, for a comprehensive list use the published list on the WPC website. This list can be found at <http://www.wpc-edi.com/reference/codelists/healthcare/claim-adjustment-reason-codes/>

CARC 16: Claim/service lacks information or has submission/billing error(s) which is needed for adjudication. Do not use this code for claims attachment(s)/other documentation. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.) Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.

CARC 96: Non-covered charge(s). At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.) Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present.

CARC 129: Prior processing information appears incorrect. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC 148: Information from another provider was not provided or was insufficient/incomplete. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC 226: Information requested from the Billing/Rendering Provider was not provided or not provided timely or was insufficient/incomplete. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

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 NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC 234: This procedure is not paid separately. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC 237: Legislated/Regulatory Penalty. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC 252: An attachment/other documentation is required to adjudicate this claim/service. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)

CARC A1: Claim/Service denied. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT.)