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## Medicare Transaction Facilitator

DRAFT Standard Companion Guide  
Health Care Claim Payment/Advice (835)

Based on ASC X12N Version 005010X221A1

Companion Guide Version Number: 0.1

## **Disclosure Statement**

The Centers for Medicare & Medicaid Services (CMS) is committed to maintaining the integrity and security of health care data in accordance with applicable laws and regulations. Disclosure of Medicare claims is restricted under the provisions of the Privacy Act of 1974 and Health Insurance Portability and Accountability Act of 1996. This Companion Guide is to be used for conducting Medicare business only.

## Preface

This Companion Guide (CG) to the ASC X12N Technical Report Type 3 (TR3) Version 005010 and associated errata adopted under Health Insurance Portability and Accountability Act of 1996 (HIPAA) clarifies and specifies the data content when exchanging transactions electronically with the Medicare Transaction Facilitator (MTF). Transmissions based on this CG, used in tandem with the TR3, are compliant with both ASC X12N syntax and those guides. This CG is intended to convey information that is within the framework of the TR3 adopted for use under HIPAA. This CG is not intended to convey information that in any way exceeds the requirements or usages of data expressed in the TR3.

This CG contains instructions for electronic communications with the publishing entity, as well as supplemental information for creating transactions while ensuring compliance with the associated ASC X12N TR3s and the Council for Affordable Quality Healthcare – Committee on Operating Rules for Information Exchange (CAQH CORE) companion guide operating rules.

In addition, this CG contains the information needed by Trading Partners to send and receive electronic data with the publishing entity, who is acting on behalf of CMS, including detailed instructions for submission of specific electronic transactions. The instructional content is limited by ASC X12N's copyrights and Fair Use statement.

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# 1 Introduction

This document is intended to provide information from the author of this guide to Trading Partners to give them the information they need to exchange Medicare Drug Price Negotiation Program data for manufacturer refunds to dispensing entities utilizing the MTF. This includes information about registration, testing, support, and specific information about control record setup.

An MTF Trading Partner is defined as an entity (e.g., dispensing entity, third-party support entity, manufacturer) that transmits to or receives electronic data from the MTF. The MTF's transaction system supports transactions adopted under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as well as additional supporting transactions as described in this guide.

The Centers for Medicare & Medicaid Services (CMS) is publishing this CG to clarify, supplement and further define specific data content requirements to be used in conjunction with, and not in place of, the ASC X12N TR3 Version 005010 for all transactions mandated by HIPAA and/or adopted by the MTF.

This CG provides communication, connectivity, and transaction-specific information to MTF Trading Partners and serves as the authoritative source for MTF protocols.

Additional information on MTF practices are referenced within [Medicare Drug Price Negotiation Program guidance](#).

## 1.1 Scope

This CG addresses how Trading Partners retrieve claim remittance advice from the MTF and provides technical and connectivity specifications for the 835 Health Care Claim: Payment/Advice transaction Version 005010.

## 1.2 Overview

This CG includes information needed to commence and maintain communication exchange with the MTF. In addition, this CG has been written to assist you in designing and implementing the ASC X12N 835 transaction standards to meet the MTF's processing standards. This information is organized in the sections listed below:

- **Getting Started**: This section includes information related to hours of operation, data services, and audit procedures. Information concerning Trading Partner registration and the Trading Partner testing process is also included in this section.
- **Testing and Certification Requirements**: This section includes detailed transaction testing information as well as certification requirements needed to complete transaction testing with Medicare.
- **Connectivity/Communications**: This section includes information on Medicare's transmission procedures as well as communication and security protocols.
- **Contact Information**: This section includes MTF customer service, MTF technical assistance, Trading Partner services and applicable websites.
- **Control Segments/Envelopes**: This section contains information needed to create the Interchange Control Header/Trailer (ISA/IEA), Functional Group Header/Trailer (GS/GE), and Transaction Set Header/Trailer (ST/SE) control segments for transactions to be submitted to or received from Medicare.
- **Acknowledgments and Reports**: This section contains information on all transaction acknowledgments sent by the MTF are and report inventory.
- **Trading Partner Agreement**: This section contains information related to implementation checklists, transmission examples, Trading Partner Agreements and other resources.
- **Transaction Specific Information**: This section describes the specific CMS requirements over and above the information in the ASC X12N 835 TR3.

## 2 Getting Started

### 2.1 Working Together

*To be completed in a future release*

### 2.2 Trading Partner Registration

An MTF Trading Partner is any entity that transmits electronic data to or receives electronic data from the MTF. To ensure proper enrollment, it is important to understand the terminology associated with each Trading Partner type.

*Table 1 – Trading Partner Types*

Trading Partner Type	Description
Dispensing Entity	An entity that dispenses selected drug to maximum

Trading Partner Type	Description
	fair price (MFP) - eligible individuals
Third Party Support Entity	An entity such as a pharmacy services administrative organization or reconciliation vendor, that has a contract with a dispensing entity to provide services in connection with the MTF, such as receiving MFP refunds, ERAs or remittance advice.
Primary Manufacturer	The manufacturer of a selected drug who is enrolled in the MTF and responsible for ensuring that the MFP is made available to MFP-eligible individuals and dispensing entities.

CMS requires all Trading Partners to enroll with the MTF. The applicable MTF User Agreements (established during enrollment) outline the MTF and Trading Partners' responsibilities. During enrollment, Trading Partners identify the entity with which the MTF will exchange remittance advice and the 835-transmission method to be used by the MTF.

To enroll with the MTF, Trading partners must have a National Council for Prescription Drug Program (NCPDP) Provider Identification Number or a TPSE National Provider Identifier (NPI). MTF enrollment information can be found at <https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation/resources-pharmacies-and-dispensing-entities>.



## **2.3 Trading Partner Certification and Testing Process**

*To be completed in a future release*

## **3 Testing and Certification Requirements**

Not applicable.

## **4 Connectivity / Communications**

### **4.1 Process Flows**

*To be completed in a future release*

### **4.2 Transmission**

*To be completed in a future release*

#### **4.2.1 Re-transmission Procedures**

Not applicable.

### **4.3 Communication Protocol Specifications**

*To be completed in a future release*

### **4.4 Security Protocols and Passwords**

All Trading Partners must adhere to CMS information security policies; including, but not limited to, the transmission of electronic claims, claim status, receipt of the remittance advice, or any system access to obtain beneficiary PHI and/or eligibility information. Violation of this policy will result in revocation of all methods of system access. The MTF is responsible for notifying all affected Trading Partners as well as reporting the system revocation to CMS. Additional information can be found at: <https://security.cms.gov/policy-guidance/cms-acceptable-risk-safeguards-ars>.

## **5 Contact Information**

### **5.1 MTF Customer Service**

*To be completed in a future release*

## **6 Control Segments Envelopes**

Enveloping information must be as follows:

*Table 2 – Control Segments / Envelope Requirements*

Page #	Element	Name	Codes/Content	Notes/Comments
	ISA	Interchange Control Header		
C.4	ISA01	Authorization Information Qualifier	00	
C.4	ISA02	Authorization Information		The MTF will use spaces.
C.4	ISA03	Security Information Qualifier	00	
C.4	ISA04	Security Information		The MTF will use spaces.
C.4	ISA05	Interchange Sender ID Qualifier	ZZ	
C.4	ISA06	Interchange Sender ID		The MTF will use “404261100111002”
C.5	ISA07	Interchange ID Qualifier	ZZ	
C.5	ISA08	Interchange Receiver ID		The MTF assigned Trading Partner ID
C.5	ISA11	Repetition Separator		The MTF will use “^”
C.5	ISA12	Interchange Version Control Number	00501	
C.6	ISA14	Acknowledgment Requested	0	
C.6	ISA15	Interchange Usage Indicator	P	
C.6	ISA16	Component Element Separator		The MTF will use “:”
	GS	Functional Group Header		
C.7	GS02	Application Sender Code		The MTF will use “404261100111002”
C.7	GS03	Application Receiver Code		The MTF assigned Trading Partner ID

Page #	Element	Name	Codes/Content	Notes/Comments
C.8	GS06	Group Control Number		The MTF will use “1” and increment by 1
C.8	GS08	Version Identifier Code	005010X221A1	

Interchange Control (ISA/IEA) and Function Group (GS/GE) and the Transaction (ST/SE) sets must be used as described in the TR3. The MTF's expectations for the Control Segments and Envelopes are detailed in Sections 6.1, 6.2, and 6.3.

## 6.1 ISA-IEA

### Delimiters – Inbound Transactions

Not applicable.

### Delimiters – Outbound Transactions

*Table 3 – Delimiters*

Delimiter	Character Used	Dec Value	Hex Value
Data Element Separator	*	42	2A
Repetition Separator	^	94	5E
Component Element Separator	:	58	3A
Segment Terminator	~	126	7E

### Data Element Detail and Explanation

All data elements within the ISA/IEA interchange envelope must follow ASC X12N syntax rules as defined within the TR3.

## 6.2 GS-GE

Functional group (GS-GE) codes are transaction-specific. Therefore, information concerning the GS/GE Functional Group Envelope can be found in Table 3.

## 6.3 ST-SE

The MTF follows the HIPAA-adopted TR3 requirements.

# 7 Acknowledgments and Reports

## 7.1 999 Implementation Acknowledgment

The 999 is not used for 835 transactions.

# 8 Trading Partner Agreement

The MTF User Agreements (established during enrollment) ensure the integrity of the electronic transaction process and are related to the electronic exchange of information between the MTF and Trading Partners.

## 9 Transaction-Specific Information

This section defines specific requirements that CMS requires over and above the standard information in the ASC X12N 835 TR3.

### 9.1 Transaction Set Listing

*Table 4 – Transaction Set Segments*

#### HEADER

<u>SEG.</u>	<u>ID NAME</u>	<u>USAGE</u>	<u>REPEAT</u>	<u>LOOP REPEAT</u>
ST	Transaction Set Header	R	1	
BRP	Financial Information	R	1	
TRN	Reassociation Trace Number	R	1	
REF	Receiver Identification	S	1	
DTM	Production Date	S	1	

<b>LOOP ID – 1000A PAYER IDENTIFICATION</b>				<b>1</b>
N1	Payer Identification	R	1	
N3	Payer Address	R	1	
N4	Payer City, State, ZIP Code	R	1	
PER	Payer Business Contact Information	S	1	
PER	Payer Technical Contact Information	R	1	
PER	Payer Web Site	S	1	
<b>LOOP ID – 1000B PAYEE IDENTIFICATION</b>				<b>1</b>
N1	Payee Identification	R	1	
N3	Payee Address	S	1	
N4	Payee City, State, ZIP Code	R	1	

#### DETAIL

<u>SEG.</u>	<u>ID NAME</u>	<u>USAGE</u>	<u>REPEAT</u>	<u>LOOP REPEAT</u>
<b>LOOP ID – 2000 HEADER NUMBER</b>				<b>&gt;1</b>
LX	Header Number	S	1	
TS3	Provider Summary Information	S	1	
<b>LOOP ID – 2100 CLAIM PAYMENT INFORMATION</b>				<b>&gt;1</b>
CLP	Claim Payment Information	R	1	
NM1	Patient Name	R	1	
REF	Other Claim Related Information	S	10	
<b>LOOP ID – 2110 SERVICE PAYMENT INFORMATION</b>				<b>999</b>
SVC	Service Payment Information	S	1	
DTM	Service Date	S	2	
CAS	Service Adjustment	S	99	
LQ	Health Care Remark Codes	S	99	

**SUMMARY**

<u>SEG.</u>	<u>ID NAME</u>	<u>USAGE</u>	<u>REPEAT</u>	<u>LOOP REPEAT</u>
PLB	Provider Adjustment	S	>1	
SE	Transaction Set Trailer	R	1	

## 9.2 Header

The following table contains specific details for the Header.

*Table 5 – Header Specific Requirements*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
		ST	Transaction Set Header			
68		ST01	Transaction Set Identifier	835	3	
68		ST02	Transaction Set Control Number		9	The MTF will start with 0001 and increment by 1.
		BPR	Financial Information			
70		BPR01	Transaction Handling Code	H, I	2	
71		BPR03	Credit or Debit Flag Code	C	1	
72		BPR04	Payment Method Code	ACH, CHK	3	
72		BPR05	Payment Format Code	CCP	3	
73		BPR06	Depository Financial Institution (DFI) Identification Number Qualifier	01	2	
75		BPR12	DFI Identification Number Qualifier	01	2	
		REF	Receiver Identification			
82		REF01	Reference Identification Qualifier	EV	3	
82		REF02	Reference Identification		30	The MTF will use Pharmacy Tax ID

### 9.2.1 Loop 1000A Payer Identification

There is no supplemental information to define further specific data content relating to Loop 1000A.



## 9.2.2 Loop 1000B Payee Identification

The following table describes the specific details associated with the Payee Identification structure.

*Table 6 – Loop 1000B Payee Identification*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
		N1	Payee Identification			
103	1000B	N103	Identification Code Qualifier	FI	2	
103	1000B	N104	Identification Code		80	The MTF will use Payee Tax ID

## 9.3 Detail Structures

This section describes the specific details associated with Detail Structures.

## 9.4 Loop 2000 Header Number

The following table describes the specific details associated with the Header Number structure.

*Table 7 – Loop 2000 Header Number*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
			Header Number			
111	2000	LX01	Assigned Number		6	The MTF will use NPI
		TS3	Provider Summary Information			
113	2000	TS301	Reference Identification		30	The MTF will use NPI
113	2000	TS302	Facility Code Value	99	2	

## 9.5 Loop 2100 Claim Payment Information

The following table describes the specific details associated with the Claim Payment Information structure.

*Table 8 – Loop 2100 Claim Payment Information*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
	2100	CLP	Claim Payment Information			
123	2100	CLP01	Claim Submitter's Identifier		38	The MTF will use Prescription Reference Number and Fill Number with the characters "FILL" preceding the Fill Number
124	2100	CLP02	Claim Status Code	1, 22	2	
125	2100	CLP03	Monetary Amount		18	The MTF will use Standard Default Refund Amount
125	2100	CLP04	Monetary Amount		18	The MTF will use Manufacturer Payment Amount
126	2100	CLP06	Claim Filing Indicator Code	13	2	
127	2100	CLP07	Reference Identification		30	The MTF will use MTF Internal Claim Number
		NM	Patient Name			
137	2100	NM101	Entity Identifier Code	QC	3	
138	2100	NM102	Entity Type Qualifier	1	1	
		REF	Other Claim Related Identification			
169	2100	REF01	Reference Identification	F8	3	

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
			Qualifier			
170	2100	REF02	Reference Identifier			Original MTF Internal Claim Number for reversals and corrections

## 9.6 Loop 2110 Service Payment Information

The following table describes the specific details associated with the Service Payment Information structure.

*Table 9 – Loop 2110 Service Payment Information*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
	2110	SVC	Service Payment Information			
186	2110	SVC01	Medical Procedure Identifier			
187	2110	SVC01-1	Product or Service ID Qualifier	N4	2	
188	2110	SVC01-2	Product/Service ID		48	The MTF will use NDC-11 Number
189	2110	SVC02	Monetary Amount		18	The MTF will use Standard Default Refund Amount
190	2110	SVC03	Monetary Amount		18	The MTF will use Manufacturer Payment Amount
190	2110	SVC05	Quantity		15	The MTF will use Quantity Dispensed
		DTM	Service Date			
195	2110	DTM01	Date/Time Qualifier	472	3	
195	2110	DTM02	Date		8	The MTF will use Date of Service
	2110	CAS	Service Adjustment			
198	2110	CAS01	Claim Adjustment Group Code	PI	2	

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
198	2110	CAS02	Claim Adjustment Reason Code		5	See Appendices
198	2110	CAS03	Monetary Amount		18	The MTF will use Adjustment Amount
		LQ				
215	2110	LQ01	Code List Identifier	HE	3	
216	2110	LQ02	Industry Code		30	See Appendices

## 10 Summary

The following table describes the specific details associated with the Summary structure.

*Table 10 – Summary Specific Requirements*

Page #	Loop ID	Reference	Name	Codes	Length	Notes/Comments
		PLB	Provider Adjustmen			
218		PLB01	Reference Identification		50	The MTF will use Pharmacy NPI + Drug ID
218		PLB02	Date		8	The MTF will use Last Day of Year CCYYMMDD
218		PLB03	Adjustment Identifier			
219		PLB03-1	Adjustment Reason Code	FB WO	2	

## 11 Appendices

### 11.1 Implementation Checklist

Trading Partners must enroll with the MTF and select an ERA transmission method in order to receive 835s.

### 11.2 Claim Adjustment Reason Codes and Remittance Advice Remark Codes

The MTF will use one CARC and one of five RARCs to communicate adjustments to the SDRA on 835s. RARCs N907, N908, N909, N910 align with justification reason codes submitted by manufacturers in claim-level payment elements to the MTF. Dispensing entities requiring additional information regarding receipt of RARCs N907, N908, N909, N910 on their 835 must contact the manufacturer associated with the claim.

The MTF will use RARC N911 when it has identified a claim that is not currently reimbursable due to non-accepted prescription drug event submitted to CMS by a Part D plan. For claims with RARC N911, dispensing entities can use the reporting features within the MTF user interface to view claim status. Dispensing entities requiring a correction to prescription drug event must contact the Part D plan sponsor who submitted the claim to CMS.

*Table 11 – MTF CARC and RARCs*

CARC	Description	MTF Usage
307	Medicare Maximum Fair Price Standard Default Refund Amount Adjustment	Indicates that an adjustment has been made to the Standard Default Refund Amount. The MTF will always use CARC 307 in combination with one of the RARCs below.
RARC	Description	MTF Usage
N907	No refund because this claim has been identified as 340B-eligible with a ceiling price lower than the maximum fair price.	The manufacturer has indicated in its claim-level payment elements to the MTF a justification code of “4”, indicating that it has identified the claim as 340-eligible with a ceiling price lower than the maximum fair price.
N908	No refund because this drug has been prospectively purchased at the maximum fair price.	The manufacturer has indicated in its claim-level payment elements to the MTF a justification code of “3”, indicating that the drug has been prospectively purchased.
N909	Refund amount has been calculated using a methodology that differs from the Standard Default Refund Amount calculation ((Wholesale Acquisition Cost minus Maximum Fair Price) times Quantity).	The manufacturer has indicated in its claim-level payment elements to the MTF a justification code of “2”, indicating that is paying an amount other than the Standard Default Refund Amount.
N910	A refund cannot be provided for this claim at this time. Contact the manufacturer directly regarding your eligibility.	The manufacturer has indicated in its claim-level payment elements to the MTF a justification code of “6”, indicating that it has identified a reason unknown to CMS to not provide a refund at this time.
N911	This claim cannot be reimbursed by the manufacturer until the Part D plan submits corrected prescription drug event data to CMS for maximum fair price validation.	CMS has identified the MFP claim as not reimbursable due to prescription drug event data validation issues. The Part D plan must correct the data issues in order for CMS to forward the claim to the manufacturer for reimbursement.

## 11.3 Forwarding Balance, Creation and Application of Credits

Balance Forward amounts will be accrued and applied at the NPI and MFP Drug level. PLB01 will contain the NPI in the first leftmost 10 positions followed by the Drug ID as defined in the MTF Portal as indicated in section 5.1 of this CG.

*Table 12 – Forwarding Balance PLB01 Structure*

Value	Position
NPI	1 - 10
Drug ID	15 - 19

## 11.4 Transmission Examples

```
ISA*00*          *00*          *ZZ*404261100111002*ZZ*SENDERID          *260105*2015**^*00501*000000001*0*P*:~
GS*HP*404261100111002*12345*20260105*2015*1*X*005010X221~
ST*835*0001~
SE*914*0001~
GE*1*1~
IEA*1*000000001~
```

## 11.5 Frequently Asked Questions

Frequently asked questions can be accessed at: <https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation/resources-pharmacies-and-dispensing-entities>

## 11.6 Acronym Listing

*Table 13 – Acronym List*

Acronym	Definition
277CA	277 Claim Acknowledgement
999	Implementation Acknowledgment
ACH	Automated Clearing House
CAQH CORE	Council for Affordable Quality Healthcare - Committee on Operating Rules for Information Exchange
CG	Companion Guide
CMS	Centers for Medicare & Medicaid Services
DE	Dispensing Entity
DDPS	Drug Data Processing System
ERA	Electronic Remittance Advice
FISMA	Federal Information Security Management Act



FISS	Fiscal Intermediary Standard System
GS/GE	GS – Functional Group Header / GE – Functional Group Trailer
HIPAA	Health Insurance Portability and Accountability Act of 1996
IDR	Integrated Data Repository
IG	Implementation Guide
IOM	Internet-only Manual
ISA/IEA	ISA – Interchange Control Header / IEA – Interchange Control Trailer
MFP	Maximum Fair Price
MRA	Manufacturer Remittance Advice
MRN	Manufacturer Reimbursement Advice
MTF DM	Medicare Transaction Facilitator Data Module
MTF PM	Medicare Transaction Facilitator Payment Module
NCPDP	National Council for Prescription Drug Programs
NDC	National Drug Code

Acronym	Definition
NPI	National Provider Identifier
PDE	Prescription Drug Event
PECOS	Provider Enrollment Chain and Ownership System
PII	Personally Identifiable Information
PHI	Protected Health Information
SDRA	Standard Default Refund Amount
ST/SE	ST – Transaction Set Header / SE – Transaction Set Trailer
TA1	Interchange Acknowledgment
TPSE	Third-Party Support Entity
TR3	Technical Report Type 3
WAC	Wholesale Acquisition Cost
X12	A standards development organization that develops EDI standards and related documents for national and global markets (See: <a href="http://www.x12.org/">http://www.x12.org/</a> )
X12N	Insurance subcommittee of X12

## 11.7 Change Summary

The following table contains version information of this CG.

*Table 14 – Companion Guide Version History*

Version	Date	Section(s) changed	Change Summary
0.1	April 25, 2025	All	Initial Draft