



Medicare Secondary Payer Claim Processing for Certain Claim Adjustment Reason Codes

Related Change Request (CR) Information	
Number: 14553	Release Date: August 21, 2026
Effective Date: January 1, 2027	Implementation Date: January 4, 2027
Transmittal Number: R13932OTN	
Title: A/B Medicare Administrative Contractors (MACs) Part A and the Fiscal Intermediary Shared System (FISS) to implement and Process Medicare Secondary Payer (MSP) Claims Containing Certain Claim Adjustment Reason Codes (CARCs)	

Affected Providers

Providers billing Medicare Administrative Contractors (MACs) for Medicare Secondary Payer (MSP) claims.

Action Needed

Make sure your billing staff knows about these MSP claim processing updates:

- Your MAC processes several Claim Adjustment Reason Codes (CARCs) systematically
- CMS is directing Medicare Part A MACs and shared systems on which CARCs will process automatically and which MACs will suspend for manual review or deny

Key Updates

MACs will return certain claims to you if they determine that Medicare can't process them. We'll continue to identify the reason for the return on the remittance advice. You have the chance to correct returned claims and, in many cases, resubmit them to the primary payer or Medicare for re-processing.

Background

CR 14553 ensures:

- We follow the [Health Insurance Portability and Accountability Act](#) transaction and code set requirements
- MACs and their shared systems correctly process and calculate MSP claims using payment information from the incoming 837 institutional claim

MSP policy tells MACs and shared systems what to consider when they process MSP claims, including primary payer adjustments that explain why they didn't fully pay the claim's billed amount. Primary payers and Medicare report payment adjustments in either of these:

- Claim adjustment segment (CAS) on the 835 Electronic Remittance Advice
- Paper remittance

You must take the CAS adjustments on the 835 and report them unchanged on the 837 when you send a claim to Medicare for secondary payment. Part A MACs and claims processing systems use adjustment amounts and CARCs found in the CAS to determine payment on MSP claims.

More Information

We issued CR 14553 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
September 4, 2026	Initial article released.

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