

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 13789</b>	<b>Date: May 27, 2026</b>
	<b>Change Request 14490</b>

**SUBJECT: Implement Operating Rules - Phase III Electronic Remittance Advice (ERA) Electronic Funds Transfer (EFT): Committee on Operating Rules for Information Exchange (CORE) 360 Uniform Use of Claim Adjustment Reason Codes (CARC), Remittance Advice Remark Codes (RARC) and Claim Adjustment Group Code (CAGC) Rule - Update from Council for Affordable Quality Healthcare (CAQH) CORE**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to instruct the contractors and Shared System Maintainers (SSMs) to make system changes according to the CORE 360 Uniform rules for CARC, RARC, and CAGC. These updates will follow the CORE Code Combination List, which is expected to be published around June 1, 2026. This recurring update notification pertains to chapter 22, section 80.2.

**EFFECTIVE DATE: October 1, 2026**

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

**IMPLEMENTATION DATE: October 5, 2026**

*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-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The MAC 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.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 13789	Date: May 27, 2026	Change Request: 14490
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## **II. GENERAL INFORMATION**

**A. Background:** The Department of Health and Human Services (DHHS) adopted the Phase III CAQH CORE, EFT and ERA Operating Rule Set that was implemented on January 1, 2014, under the Patient Protection 45 Code of Federal Regulations (CFR) Subsection (§)§162.1601-162.1603 and Section 1104 of the Affordable Care Act (ACA) of 2010.

The Health Insurance Portability and Accountability Act (HIPAA) amended the Social Security Act (the Act) by adding Part C, Administrative Simplification, to Title XI of the Act, requiring the Secretary of DHHS (the Secretary) to adopt standards for certain transactions to enable health information to be exchanged more efficiently and to achieve greater uniformity in the transmission of health information.

Through the ACA, Congress further supported the adoption of electronic transactions and sought to reduce administrative costs and improve efficiency by promoting greater consistency in the implementation of standard transactions. This was accomplished by requiring the adoption of operating rules for each HIPAA transaction. The ACA also defines operating rules and establishes their relationship to the adopted standards.

This CR deals with the regular update in CAQH CORE defined code combinations per Operating Rule 360 - Uniform Use of CARC and RARC (835) Rule. CAQH CORE will publish the next version of the Code Combination List on or about June 1, 2026. This will also include updates based on market-based review that CAQH CORE conducts once a year to accommodate code combinations that are currently being used by health plans including Medicare, as the industry needs them.

For CAQH CORE defined code combination updates, the document is available on CAQH CORE Operating Rules Page - CORE Code Combinations.

**NOTE:** Per ACA mandate, all health plans including Medicare must comply with CORE 360 Uniform Use of CARCs and RARCs (835) rule or CORE developed maximum set of CARC/RARC and CAGC combinations for a minimum set of four (4) business scenarios. Medicare can use any code combination if the business scenario is not one of the four (4) CORE defined business scenarios. With the four (4) CORE defined business scenarios, Medicare must use code combinations from the lists published by CAQH CORE.

**B. Policy:** ACA of 2010, HIPAA, and 45 CFR §§162.1601-162.1603

### III. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14490.1	The contractor shall abide by the ACA mandated CAQH CORE, published 360 Operating Rule.	X	X	X	X					
14490.1.1	The contractor shall use only CARC/RARC and CAGC combinations included in the CORE-required code combinations for CORE-defined business scenarios for the Phase III CORE 360 Uniform Use of CARC and RARC (835) Rule, scheduled for publication on or about June 1, 2026.  NOTE: The document is available on the CAQH CORE Operating Rules Page - CORE Code Combinations.	X	X	X	X					
14490.2	The contractor shall implement the necessary revisions to the PC Print (FISS) and Medicare Remit Easy Print (VMS) applications. These modifications will ensure accurate display of information regarding CARC/RARC and CAGC combinations, as well as the relevant CORE-Defined Claim Adjustment/Denial Business Scenarios for the CORE-required Code Combinations related to Phase III CORE 360 Uniform Use of CARC and RARC (835) Rule. These changes are scheduled to be published on or about June 1, 2026.					X		X		

### IV. PROVIDER EDUCATION

None

**Impacted Contractors:** None

## V. SUPPORTING INFORMATION

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

*"Should" denotes a recommendation.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
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**Section B: All other recommendations and supporting information:** N/A

## VI. CONTACTS

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

## VII. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 0**