CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 13932	**Date: August 21, 2026**
	Change Request 14553

SUBJECT: 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)

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to align the MSP CARCs submitted by the providers across all A/B MACs Pat A and shared systems to be consistent. Over the years, many of these CARCs were processed through automation, denied, or suspended for manual review. However, after recent discussions held with the A/B MACs Part A and FISS, several CARCs can now be processed through automation without manual intervention, while other claims may continue to be suspended. The CR instructs the Part A MACs and shared systems on what CARCs will be processed through automation and those that will be suspended for manual review or even denied.

EFFECTIVE DATE: January 1, 2027
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 4, 2027

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.*

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

One Time Notification

Attachment - One-Time Notification

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I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to align the MSP CARCs submitted by the providers across all A/B MACs Pat A and shared systems to be consistent. Over the years, many of these CARCs were processed through automation, denied, or suspended for manual review. However, after recent discussions held with the A/B MACs Part A and FISS, several CARCs can now be processed through automation without manual intervention, while other claims may continue to be suspended. The CR instructs the Part A MACs and shared systems on what CARCs will be processed through automation and those that will be suspended for manual review or even denied.

II. GENERAL INFORMATION

A. Background: This CR is necessary to ensure Medicare's compliance with the Health Insurance Portability Act (HIPAA) transaction and code set requirements and to ensure that MSP claims are properly processed and calculated by the Medicare contractors and their associated shared systems using payment information derived from the incoming 837 Institutional claim. MSP policy also dictates what the shared systems and contractors must take into consideration when processing MSP claims. This includes adjustments made by the primary payer, which, for example, explains why the claim's billed amount was not fully paid. Adjustments made by the payer are reported in the Claim Adjustment Segment (CAS) on the 835 Electronic Remittance Advice (ERA) or paper remittance. The provider must take the CAS segment adjustments, as found on the 835 and report these adjustments on the 837 unchanged, when sending the claim to Medicare for secondary payment. A/B MACs Part A must use CAS segment adjustment amounts in determining MSP payment on MSP claims using CARCs found in the CAS segment.

B. Policy: The A/B MACs Part A and FISS must utilize the CARCs adjustments on the 837 when adjudicating MSP claims.

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	
14553.1	FISS and the A/B MACs Part A shall update their systems to process the CARCs found on MSP claims as discussed in the previous MSP analysis calls.	X				X				
14553.2	The A/B MACs Part A shall set the following reason codes to reject when the applicable CARCs are found on MSP claims: RC CARC ADJ RC MSN GROUP 31664 24 24 11.3 CO 31667 40 40 16.32 CO 31673 148 148 16.32 CO 31270 228 228 16.32 CO 31685 B13 B13 16.32 CO	X								
14553.3	The A/B MACs Part A shall set the following reason codes to RTP when the applicable CARCs are found on MSP claims: Reason Code CARC 31656 5 31657 6 31658 7 INACTIVE 31659 8 31660 9 31661 12 31662 18 31669 107 31671 116 31677 183	X				X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	31678 185 31681 224 31684 B12 Note, FISS shall reactivate Reason Code 31658									
14553.4	The A/B MACs Part A shall set the following reason code to suspend for manual review when the applicable CARC is found on MSP claims: Reason Code CARC 31665 33	X								
14553.5	FISS shall create a new reason code to assign when CARC 242 is found on MSP claims. Note, the Part A MACS may RTP the claim as needed. **Note**: A/B MACs Part A shall set this new reason code to suspend for manual review.	X				X				
14553.6	FISS shall create a new reason code to assign when any of the following CARCs are found on MSP claims: 22, 133, 142, 147, 161, 173, 190, 195, 198, 199, 211, 212, 213, 229, 233, 234, 235, 236, 237, 239, 240, 243, 245, 250, 251, 252, 254, 257, 258, 259, 260, 261, 267, 268, 269, 272, 274, 277, 278, 280, 282, 283, 284, 285, 286, 287, 288, 291, 292, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, A0, A5, A6, A8, B7, P7, P9 and P30. Part A MACs shall include the following information on MAP 1232: Adjustment reason 276. MSN 16.32	X				X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Group Code CO **Note**: A/B MACs Part A shall set this new reason code to Reject.									
14553.7	FISS shall create a new reason code to assign when any of the following CARCs are found on MSP claims with a primary payment amount: 39, 114, 115, 136, 140, 146, 155, 158, 174, 175, 176, 177, 188, 189, 206, 207, 208, 226, 227, 231, A1, B15 and B23. Part A MACs shall include the following information on MAP 1232: Adjustment reason 276. Group Code CO MSN 16.32 Note: The A/B MACs Part A shall set this new reason code to Reject.	X				X				
14553.8	FISS shall create a new reason code to assign when any of the following CARCs are found on MSP claims with a primary payment amount: 4, 10, 11, 13, 14, 16 and 110. Note: A/B MACs Part A shall set this new reason code to Return to Provider (RTP).	X				X				
14553.9	FISS shall create a new reason code to assign when CARC 34 is found on MSP claims with a primary payment amount. **Note**: A/B MACs Part A shall set this new reason code to suspend for manual review.	X				X				
14553.9.1	FISS shall make the reason codes overrideable					X				
14553.10	A/B MACs Part A and FISS shall turn off the following reason codes permanently for the applicable CARCs to allow for MSP claims to process.	X				X				

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Reason Code CARC 31663 23 31668 97 31670 109 31674 171 31675 172 31676 178 31680 193 31268 225 31683 B11									
14553.10.1	FISS shall update the CMS STD to an "I" for the reason codes that the Part A MACs need to turn off.					X				

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part A

V. 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

VI. CONTACTS

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

VII. 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: 0