CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1418	**Date: August 8, 2014**
	Change Request 8711

Transmittal 1392, dated June 25, 2014, is being rescinded and replaced by Transmittal 1418, dated August 8, 2014 to remove the version number of the June CORE-required Code Combination List from the CR title and the publication date in the business requirements, summary of changes, and background sections. All other information remains the same.

SUBJECT: Implement Operating Rules - Phase III ERA EFT: CORE 360 Uniform Use of Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) Rule - Update from CAQH CORE - July 1, 2014 version 3.1.1

I. SUMMARY OF CHANGES: This Change Request (CR) instructs the contractors and Shared System Maintainers (SSMs) to update the CORE 360 Uniform Use of CARC and RARC Rule per Attachment. The Attachment shows the CORE Code Combination Updates based on Code Updates published on July 1, 2014.

EFFECTIVE DATE: September 2, 2014 - For A/B MACs; October 1, 2014 - For FISS, VMS, and DME MACs
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: September 2, 2014 - For A/B MACs; October 6, 2014 - For FISS, VMS, and DME MACs

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	

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

Pub. 100-20	Transmittal: 1418	Date: August 8, 2014	Change Request: 8711

Transmittal 1392, dated June 25, 2014, is being rescinded and replaced by Transmittal 1418, dated August 8, 2014 to remove the version number of the June CORE-required Code Combination List from the CR title and the publication date in the business requirements, summary of changes, and background sections. All other information remains the same.

SUBJECT: Implement Operating Rules - Phase III ERA EFT: CORE 360 Uniform Use of Claim Adjustment Reason Codes (CARC) and Remittance Advice Remark Codes (RARC) Rule - Update from CAQH CORE - July 1, 2014 version 3.1.1

EFFECTIVE DATE: September 2, 2014 - For A/B MACs; October 1, 2014 - For FISS, VMS, and DME MACs
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: September 2, 2014 - For A/B MACs; October 6, 2014 - For FISS, VMS, and DME MACs

I. GENERAL INFORMATION

A. Background: HHS adopted the Phase III Council for Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) EFT & ERA Operating Rule Set that must be implemented by January 1, 2014 under Patient Protection and Affordable Care Act of 2010. Health Insurance Portability and Accountability Act (HIPAA) amended the Act by adding Part C—Administrative Simplification—to Title XI of the Social Security Act, requiring the Secretary of the Department of Health and Human Services (HHS) (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. More recently, the National Committee on Vital and Health Statistics (NCVHS) reported to the Congress that the transition to Electronic Data Interchange (EDI) from paper has been slow and disappointing. Through the Affordable Care Act, Congress sought to promote implementation of electronic transactions and achieve cost reduction and efficiency improvements by creating more uniformity in the implementation of standard transactions. This was done by mandating the adoption of a set of operating rules for each of the HIPAA transactions. The Affordable Care Act defines operating rules and specifies the role of operating rules in relation to the standards.

This CR deals with the regular update in CAQH CORE defined code combinations per Operating Rule 360 - Uniform Use of Claim Adjustment Reason Codes and Remittance Advice Remark Codes (835) Rule.

CAQH CORE will publish the next version of the Code Combination List on or about July 1, 2014. This update is based on March 1, 2014 Claim Adjustment Reason Code (CARC) and Remittance Advice Remark Code updates as posted at the WPC website.

Go to http://www.wpc-edi.com/reference for CARC and RARC updates and http://www.caqh.org/CORECodeCombinations.php for CAQH CORE defined code combination updates.

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/Group Code for a minimum set of 4 Business Scenarios. Medicare can use any code combination if the business scenario is not one of the 4 CORE defined business scenarios but for the 4 CORE defined business scenarios, Medicare must use the code combinations from the lists published by CAQH CORE. .

B. Policy: Medicare implements HIPAA transactions and related Operating Rules to be compliant.

II. 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	
8711.1	Contractors shall abide by the ACA mandated CAQH CORE Published 360 Operating Rule.	X	X	X	X					
8711.1.1	Contractors shall only use CARC/RARC/CAGC code combinations contained within the CORE-required Code Combinations for CORE-defined Business Scenarios for the Phase III CORE 360 Uniform Use of Claim Adjustment Reason Codes and Remittance Advice Remark Codes (835) Rule to be published on or about July 1, 2014. **NOTE**: The document is available at: http://www.caqh.org/CORECodeCombinations.php	X	X	X	X					
8711.1.2	Contractors should use CARC/RARC/CAGC code combinations not contained within the CORE-required Code Combinations for CORE-defined Business Scenarios for the Phase III CORE 360 Uniform Use of Claim Adjustment Reason Codes and Remittance Advice Remark Codes (835) Rule to be published on or about July 1, 2014 when necessary and approved by CMS.	X	X	X	X					
8711.2	Shared System Maintainers shall make necessary updates to PC Print and MREP applications to ensure that text describing the CARC/RARC/CAGC code combinations and the corresponding CORE-Defined Claim Adjustment/Denial Business Scenarios for the CORE-required Code Combinations for CORE-defined Business Scenarios for the Phase III CORE 360 Uniform Use of Claim Adjustment Reason Codes and Remittance Advice Remark Codes (835) Rule to be published on or about July 1, 2014 is displayed accurately.					X		X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
8711.3	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X		

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, 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: 0