



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

MLN Matters Number: MM11881

Related Change Request (CR) Number: 11881

Related CR Release Date: August 28, 2020

Effective Date: January 1, 2021

Related CR Transmittal Number: R10324CP

Implementation Date: January 4, 2021

PROVIDER TYPE AFFECTED

This MLN Matters Article is for physicians, providers, and suppliers billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

This article informs you that Medicare will update its claims processing systems based on the CORE 360 Uniform use of Claim Adjustment Reason Code (CARC), Remittance Advice Remark Code (RARC), and Claim Adjustment Group Code (CAGC) rule publication. These system updates are based on the Committee on Operating Rules for Information Exchange (CORE), Code Combination List, which will be published on or about October 1, 2020. Make sure that your billing staffs are aware of these updates.

BACKGROUND

The DHHS adopted the Phase III Council for Affordable Quality Healthcare (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) sections 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 Affordable Care Act (ACA), 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 ACA defines operating rules and specifies the role of operating rules in relation to the standards.

CR 11881 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 October 1, 2020. This update is based on the CARC and RARC updates as posted at the Washington Publishing Company (WPC) website on or about October 1, 2020. This will also include updates based on the market-based review that CAQH CORE conducts once every two years to accommodate code combinations that are currently being used by health plans including Medicare, as the industry needs them.

You can refer to <https://x12.org/codes> for CARC and RARC updates and http://www.caqh.org/sites/default/files/core/phase-iii/code-combinations/CORE-required_CodeCombos.xlsx?token=29xvBua for CAQH CORE defined code combination updates.

Note: 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 the code combinations from the lists published by CAQH CORE.

ADDITIONAL INFORMATION

The official instruction, CR11881, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10324CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

| Date of Change | Description |
|-----------------|---------------------------|
| August 28, 2020 | Initial article released. |

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