



## **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: MM11988

Related Change Request (CR) Number: 11988

Related CR Release Date: November 20, 2020

Effective Date: April 1, 2021

Related CR Transmittal Number: R10474CP

Implementation Date: April 5, 2021

### **PROVIDER TYPES AFFECTED**

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

### **PROVIDER ACTION NEEDED**

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This article informs you of Medicare system updates based on the Committee on Operating Rules for Information Exchange (CORE) 360 Uniform use of Claim Adjustment Reason Code (CARC), Remittance Advice Remark Code (RARC), and Claim Adjustment Group Code (CAGC) rule publications. These system updates are based on the CORE Code Combination List to be published on or about February 1, 2021. Please make sure your billing staffs are aware of these updates.

### **BACKGROUND**

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The Department of Health and Human Services (HHS) adopted the Phase III Council for Affordable Quality Healthcare (CAQH) CORE, Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA) Operating Rule Set that was implemented on January 1, 2014, under the Patient Protection sections in 45 Code of Federal Regulations (CFR) 162.1601-162.1603 and Section 1104 of the Affordable Care Act 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. Part C requires the Secretary of HHS 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, Congress sought to promote implementation of electronic transactions and create more uniformity in the implementation of standard transactions. Meeting these goals would achieve cost reduction and efficiency improvements. 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.

CF 11988 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 February 1, 2021. This is based on the CARC and RARC updates as posted at the official ASC X12 website on or about November 1, 2020. This will also include updates based on the market-based review that CAQH CORE conducts once every 2 years to accommodate code combinations that are currently being used by health plans, including Medicare, as the industry requires.

See the official ASC X12 website for CARC and RARC updates, as well as CAQH CORE-defined code combination update at [http://www.caqh.org/sites/default/files/core/phase-iii/code-combinations/CORE-required\\_CodeCombos.xlsx?token=29xvBua](http://www.caqh.org/sites/default/files/core/phase-iii/code-combinations/CORE-required_CodeCombos.xlsx?token=29xvBua).

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 business scenarios. Medicare can use any code combination if the business scenario is not one of the four CORE-defined business scenarios. Within those CORE-defined business scenarios, however, Medicare must use the code combinations from the lists published by CAQH CORE.

## ADDITIONAL INFORMATION

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The official instruction, CR 11988, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10474cp.pdf>.

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

## DOCUMENT HISTORY

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Date of Change	Description
November 20, 2020	Initial article released.

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