CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12191	**Date: August 10, 2023**
	Change Request 13303

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 update systems based on the CORE 360 Uniform use of CARC, RARC and CAGC rule publications. These system updates are based on the CORE Code Combination List to be published on or about October 1, 2023. This Recurring Update Notification (RUN) applies to chapter 22, section 80.2.

EFFECTIVE DATE: January 1, 2024
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 2, 2024

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:

Recurring Update Notification

Attachment - Recurring Update Notification

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I. GENERAL INFORMATION

A. Background: The 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) §§ 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 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. This RUN applies to chapter 22, section 80.2.

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 October 1, 2023. This is based on the CARC and RARC updates as posted at the official ASC X12 website on or about July 1, 2023. 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.

See: https://nex12.org/index.php/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: 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 the code combinations from the lists published by CAQH CORE.

B. Policy: ACA of 2010 and HIPAA

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	
13303.1	Contractors shall abide by the ACA mandated CAQH CORE published 360 Operating Rule.	X	X	X	X					
13303.1.1	Contractors shall use only CARC/RARC and CAGC combinations contained within the CORE-required code combinations for CORE-defined business scenarios for the Phase III CORE 360 Uniform Use of CARC and RARC (835) Rule to be published on or about October 1, 2023. Note: The document is available at: http://www.caqh.org/sites/default/files/core/phase-iii/code-combinations/CORE-required_CodeCombos.xlsx?token=_29xvBua	X	X	X	X					
13303.2	The SSMs shall make necessary updates to PC Print (FISS) and Medicare Remit Easy Print (VMS) applications to ensure that text describing the CARC/RARC and CAGC 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 CARC and RARC (835) Rule to be published on or about October 1, 2023 is displayed accurately.					X		X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

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

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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ATTACHMENTS: 0