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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 3725 | Date: February 24, 2017 |
| | Change Request 9878 |

SUBJECT: Remittance Advice Remark Code (RARC), Claims Adjustment Reason Code (CARC), Medicare Remit Easy Print (MREP) and PC Print Update

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update the RARC and CARC lists and also to instruct ViPS Medicare System (VMS) and Fiscal Intermediary Shared System (FISS) to update MREP and PC Print. This Recurring Update Notification applies to chapter 22, sections 40.5, 60.1, and 60.2.

EFFECTIVE DATE: July 1, 2017

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: July 3, 2017

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 Health Insurance Portability and Accountability Act (HIPAA) of 1996 instructs health plans to be able to conduct standard electronic transactions adopted under HIPAA using valid standard codes. Medicare policy states that CARCs and RARCs, as appropriate, which provide either supplemental explanation for a monetary adjustment or policy information that generally applies to the monetary adjustment are required in the remittance advice and coordination of benefits transactions.

The Centers for Medicare & Medicaid Services (CMS) instructs contractors to conduct updates based on the code update schedule that results in publication three times per year – around March 1, July 1, and November 1.

The CMS provides this CR as a code update notification indicating when updates to CARC and RARC lists are made available on the Washington Publishing Company (WPC) website. Shared System Maintainers (SSMs) have the responsibility to implement code deactivation, making sure that any deactivated code is not used in original business messages and allowing the deactivated code in derivative messages. SSMs must make sure that Medicare does not report any deactivated code on or after the effective date for deactivation as posted on the WPC website. If any new or modified code has an effective date past the implementation date specified in this CR, contractors must implement on the date specified on the WPC website.

WPC website address: <http://wpc-edi.com/Reference/>

A discrepancy between the dates may arise as the WPC website is only updated three times per year and may not match the CMS release schedule. For this recurring CR, the MACs and the SSMs must get the complete list for both CARC and RARC from the WPC website to obtain the comprehensive lists for both code sets and determine the changes that are included on the code list since the last code update CR (CR 9774).

B. Policy: HIPAA and 45 CFR Part 162

| Number | Requirement | Responsibility | | | | | | | | | | |
|----------|--|----------------|---|-------------|----------------------------|----------------------------------|-------------|-------------|-------------|-------|------|--|
| | | A/B MAC | | H H H | D M E M A C | Shared- System Maintainers | | | | Other | | |
| | | A | B | | | F I S S | M C S | V M S | C W F | | | |
| | NOTE: Check the updated lists as posted on the WPC website to capture deactivations that were included in previous CR(s). WPC publishes lists for already deactivated codes and to be deactivated future codes. | | | | | | | | | | | |
| 9878.3.1 | Contractors shall review the reason and remark codes dated March 1, 2017, for "Stop" dates for inclusion in the July 2017 update. | X | X | X | X | X | X | X | | | CEDI | |
| 9878.4 | Contractors shall update any crosswalk between the standard reason and remark codes and the shared system internal codes provided to the contractors and make any standard code deactivated since the last update unavailable for use by the contractors by July 3, 2017. | | | | | X | X | | | | CEDI | |
| 9878.5 | Contractors shall make necessary programming changes so that deactivated reason and remark codes are allowed in derivative messages after the deactivation implementation date per this CR or as posted on the WPC website when: <ul style="list-style-type: none"> • Medicare is not primary; • The COB claim is received after the deactivation effective date; and • The date in DTP03 in Loop 2430 or 2330B in COB 837 transaction is less than the deactivation effective date as posted on the WPC website. | | | | | X | X | | | | CEDI | |
| 9878.6 | Contractors shall make necessary programming changes so that deactivated reason and remark codes are allowed even after the deactivation implementation date in a Reversal and Correction situation, when a value of 22 in CLP02 identifies the claim to be a corrected claim, and in Medicare Secondary Payer (MSP) claims, when forwarded to Medicare by primary payers before the deactivation date and Medicare adjudication is done after deactivation date. | | | | | X | X | | | | CEDI | |
| 9878.7 | VMS shall update MREP software by July 3, 2017. This update shall be based on the CARC and RARC lists as posted on WPC website on or about March 1, 2017. | | | | | | | X | | | | |
| 9878.8 | FISS shall update the PC Print software by July 3, 2017. This update shall be based on the CARC and RARC lists as posted on WPC website on or about | | | | | X | | | | | | |

| Number | Requirement | Responsibility | | | | | | | | | |
|--------|----------------|----------------|---|-------------|----------------------------------|------------------|-------------|------------------|-------|--|--|
| | | A/B MAC | | D M E | Shared- System Maintainers | | | | Other | | |
| | | A | B | | H H H | M I S S | V C S | C M W F | | | |
| | March 1, 2017. | | | | | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | | | |
|--------|---|----------------|---|-------------|-------------|------------------|-------------|--|
| | | A/B MAC | | | D M E | C E D I | | |
| | | A | B | H H H | | | M A C | |
| 9878.9 | 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 5 business days after receipt of the notification from CMS announcing the availability of the 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 | 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): Sumita Sen, Sumita.Sen@cms.hhs.gov , Katrina Mills, katrina.mills@cms.hhs.gov

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