CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 632	**Date: January 29, 2010**
	Change Request 6623

Subject: Claim Adjustment Reason Code (CARC) Update for Medicare Secondary Payer (MSP) Claims Processing

I. SUMMARY OF CHANGES: This CR instructs Contractors and SSMs how new CARCs shall be utilized when processing MSP claims.

New / Revised Material
Effective Date: July 1, 2010
Implementation Date: July 6, 2010

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:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: 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:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 632	Date: January 29, 2010	Change Request: 6623

SUBJECT: Claim Adjustment Reason Code (CARC) Update for Medicare Secondary Payer (MSP) Claims Processing.

Effective Date: July 1, 2010

Implementation Date: July 6, 2010

I. GENERAL INFORMATION

A. Background: The Health Insurance Portability and Accountability Act (HIPAA) of 1996 instructed health plans to be able to conduct standard electronic transactions adopted under HIPAA using valid standard codes. Medicare policy states that Claim Adjustment Reason Codes (CARCs) are required in the remittance advice and coordination of benefits transactions. CARCs are an integral part of processing electronic and hardcopy Medicare Secondary Payer (MSP) claims. CARC changes that impact Medicare are usually requested by CMS staff in conjunction with a policy change. Contractors and Shared System Maintainers (SSMs) are notified about these code changes through another change request; however, this CR instructs Contractors and SSMs how these new or updated adjustments shall be utilized when processing MSP claims.

B. Policy: All Medicare contractors and associated SSMs must utilize CAS segment adjustments on the 837 Institutional and Professional claims, including the paper remittance advice for hardcopy MSP claims, when adjudicating MSP claims. Shared System Maintainers and contractors must make the necessary changes on a regular basis as per this MSP CARC update change request.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6623.1	The Medicare contractors and shared system maintainers shall take into consideration CRs 6426, 6427 and 6604 when implementing this instruction.	X	X	X	X	X	X	X	X		
6623.2	The Medicare contractors and shared system maintainers shall update codes that have been modified, added or deleted that apply to MSP claims.	X	X	X	X	X	X	X	X		
6623.3	All Medicare Contractors and Shared Systems shall modify their MSP claims processing systems to recognize and utilize CARC 231: Mutually exclusive procedures cannot be done in the same day/setting.	X	X	X	X	X	X	X	X		

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	Note: Refer to the 835 Healthcare Policy Identification Segment, if present.										
6623.3.1	If the primary payer makes a payment greater than zero on a service, adjusted with CARC 231, the Medicare contractors shall make a secondary payment if the service is covered and payable by Medicare.	X	X	X	X	X	X	X	X		
6623.3.2	If the primary payer denies/does not make payment on a service adjusted with CARC 231, the Medicare Contractors shall deny/not make payment on the service.	X	X	X	X	X	X	X	X		
6623.4	MSP claims received prior to the implementation of a CR that contains a new CARC, including CARC 231, shall be processed as a secondary claim following the payment policy outlined in 6623.3.1 and 6623.3.2.	X	X	X	X	X	X	X	X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	None.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

X-Ref Requirement Number	Recommendations or other supporting information:
6623.1	Medicare contractors and shared systems should make no additional changes to the MSP claims processing requirements for the following modified CARCs identified in CR 6604: 40,

X-Ref Requirement Number	Recommendations or other supporting information:
	50, 54, 55, 56, 58, 59, and 90.

Section B: N/A

V. CONTACTS

Pre-Implementation Contact(s): Richard Mazur, (410) 786-1418, Richard.Mazur2@cms.hhs.gov

Post-Implementation Contact(s): Richard Mazur, (410) 786-1418, Richard.Mazur2@cms.hhs.gov

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *Carriers:*

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *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.