Health Care Electronic Funds Transfers (EFT) and Remittance Advice Transactions Interim Final Rule
04/19/2013

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Notice to Industry April 19, 2013

On August 10, 2012, the Department of Health and Human Services (HHS) published in the Federal Register an interim final rule with comment period (IFC) adopting operating rules for the health care electronic funds transfers (EFT) and remittance advice transactions (herein referred to as the EFT & ERA Operating Rule Set IFC) under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). These operating rules are authored by the Council for Affordable Quality Health Care Committee on Operating Rules for Information Exchange (CORE).

As stated in the IFC that if we received comments that compelled us to change any of the policies in the IFC, we would seek to finalize such changes to allow industry sufficient time to prepare for compliance. After careful review and consideration of all the comments, we have decided not to change any of the policies established in the EFT & ERA Operating Rule Set IFC.

We emphasize that the EFT & ERA Operating Rule Set IFC is a final rule that is in effect now, which means industry implementation efforts should be underway for the January 1, 2014 compliance date.

We understand from industry that there is some confusion about covered entities' obligations under the IFC in light of CORE's ongoing maintenance of CORE-defined Claim Adjustment Reason Code (CARC)/Remittance Advice Remark Code (RARC)/Claim Adjustment Group Code (CAGC) and NCPDP Reject Code combinations. We address these concerns in a separate Notice titled "CORE Code Combination Maintenance Process in the EFT & ERA Operating Rule Set" that will be released after this notice.

For free copies of the EFT & ERA Operating Rule Set, visit the CAQH website at http://www.caqh.org/

Covered entities must comply with the EFT & ERA operating rules by January 1, 2014. However, there are no prohibitions against using the operating rules before that date. In fact, HHS encourages entities to use the

operating rules with willing trading partners because of the benefits and efficiencies that can be enjoyed by both health plans and providers. HHS also encourages stakeholders to be involved with the CAQH CORE development of new operating rules for the remainder of the transactions.

CORE Code Combination Maintenance Process in the EFT & ERA Operating Rule Set IFC
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We understand from industry that there is some confusion about covered entities' obligations under the IFC in light of CORE's ongoing maintenance of CORE-defined Claim Adjustment Reason Code (CARC)/Remittance Advice Remark Code (RARC)/Claim Adjustment Group Code (CAGC) and NCPDP Reject Code combinations.

The Phase III CORE 360 Uniform Use of CARCs and RARCs (835) Rule (referred to as the CORE 360 Rule herein) was adopted in the IFC. Incorporated into the CORE 360 Rule are processes for updating the CARC/RARC/CAGC and NCPDP Reject codes and for updating the CARC/RARC/CAGC and NCPDP Reject code /CAGC combinations. By virtue of adopting the CORE 360 Rule in the IFC, HHS also adopted those processes.

With regard to the process for updating the CARC/RARC/CAGC and NCPDP Reject codes, the CORE 360 Rule explains that those codes are subject to maintenance and revision at least three times a year. The maintenance and revision activity can result in new codes, revision to existing code definitions and descriptions, or a stop date after which a code can longer be used. The result of such activity is that the CARC/RARC/CAGC and NCPDP Reject code code/CAGC combinations may be revised which, in turn, could result in revisions to the CORE-required Code Combinations for CORE-defined Business Scenarios.doc.

The maintenance process also calls for the health care industry to report business scenarios that are being used

frequently in addition to the ones included in the CORE-required Code Combinations for CORE-defined Business Scenarios.doc. Therefore, the maintenance process could also result in additional business scenarios to the CORE-required Code Combinations for CORE-defined Business Scenarios.doc.

The current CORE Code Combinations Maintenance Process is described in detail in this overview. The current process includes "Compliance-based Review & Adjustment" and "Market-based Review & Adjustment," which include adjustments to existing CORE-Required Code Combinations for existing CORE-defined Business Scenarios and the addition of new CORE-defined Business Scenarios and associated code combinations. CORE has also set up a process for "Emergency Code Combination Additions".

Because the maintenance process was adopted in the IFC, covered entities should understand that revised and updated versions of the CORE-required Code Combinations for CORE-defined Business Scenarios.doc will not be adopted through regulation. Covered entities are responsible for complying with the latest version of the *CORE-required Code Combinations for CORE-defined Business Scenarios* which is available at CORE-required Code Combinations for CORE-defined Business Scenarios for CAQH CORE Rule 360 v3.0.1 January 2013.

Covered entities will need to keep apprised of and use the latest version in order to be in compliance with CORE Rule 360. The latest version of the *CORE-required Code Combinations for CORE-defined Business Scenarios.doc* as of the date of this Notice is v3.0.1, which supersedes v3.0.0, the version in effect at the time the IFC was issued. We urge stakeholders to get involved in the CAQH CORE Code Combination Maintenance Process.

We remind stakeholders that the ASC X12 TR2 published by X12 and describing the use of CARC and RARC codes (adjustment and reason codes) for electronic claims transactions is not an adopted HIPAA standard or code set, and cannot be required for use with ASC X12 Version 5010 transactions. For more information see FAQ 3803 at the CMS FAQ webpage.