BlueCross BlueShield of Florida
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Answers to Frequently Asked Questions

835 Electronic Remittance Advice (ERA) Code Update

The 835 Electronic Remittance Advice (ERA) is a transaction designed to permit automatic reconciliation of a provider's account receivables. The format is mandated by Health Information Portability and Accountability Act-Administration Simplification (HIPAA-AS) provision, and has been available to Blue Cross and Blue Shield of Florida, Inc. (BCBSF) providers since October 2003 through the Availity®[1] Health Information Network. HIPAA-AS requirements do not permit payers to display proprietary codes (internal reason, adjustment and denial codes) on the 835 ERA.

The questions and answers below provide information regarding code changes that will be implemented in November and December 2008. You may access the CARCs and RARCs November 2008 Updates summary document on our website, *www.bcbsfl.com*, by clicking on Online Services, Electronic Submission Support, then Sender Support Guides, Companion Documents and Forms.

What codes display on the 835 ERA?

Claim Adjustment Reason Codes (CARCs) and Remittance Advice Remark Codes (RARCs) display on the 835 ERA. They identify standard reasons why payment may be different than the submitted charge. CARCs and RARCs are mandated by HIPAA-AS and the code definitions cannot be changed by BCBSF or any payer. CARC definitions tend to be generic while RARC definitions provide more information related to adjudication of the claim. HIPAA-AS requires that for every five CARCs displayed on the 835 ERA at least one RARC must be returned as well to provide clearer information when claim payments are denied or reduced.

What recent updates have been made to CARCs and RARCs?

In November, an additional 98 BCBSF proprietary codes will be mapped to more appropriate CARCs and RARCs to ensure accurate and clear messaging is received on the 835 ERA. This updates makes a total of 300 proprietary codes mapped to more descriptive codes.

In addition, codes for capitated claims on both the 835 ERA and paper remittances will change. For example, if applicable, you may see code CO*24 (Payment for charges denied/reduced. Charges are covered under a capitation agreement) when payment is different than the submitted charge.

Why are CARC definitions so generic compared to BCBSF proprietary codes displayed on the paper remittance advice?

HIPAA-AS mandates usage of CARCs and RARCs on the 835 ERA to standardize code definitions industry-wide; therefore, the definitions are generic compared to BCBSF and other payers' proprietary codes.

[1]Availity, L.L.C., is a multi-payer joint venture company. For more information or to register, visit Availity's website at *www.availity.com*.

What are group codes and how does BCBSF use them?

Group codes are used to identify specific types of adjustments. There are five group codes that can be used with the 835 ERA according to the Washington Publishing Website:

- **CO** (Contractual Obligations) is used when a contractual agreement between the payer and payee or a regulatory requirement requires an adjustment. Generally, these adjustments are considered a write-off for the provider.
- **CR** (Corrections and Reversals) is used for correcting a prior claim when there is a change to a previously adjudicated claim.
- **OA** (Other Adjustments) is used when no other group code applies to the adjustment.
- **PI** (Payer Initiated Reductions) is used by payers when it is believed the adjustment is not the responsibility of the patient but there is no supporting contract between the provider and payer.
- **PR** (Patient Responsibility) is used for deductible and copay adjustments when the adjustments represent an amount that should be billed to the patient or insured.

What does code OA 23 followed by an adjustment amount mean?

This code is used to standardize the way all payers report coordination of benefits (COB) information. Whenever COB applies, this code combination is used to represent the prior payer's impact fee or sum of all adjustments and payments affecting the amount BCBSF will pay.

Is there a process for providers to request maintenance and changes to CARCs and RARCs?

Yes. Information is available on the Washington Publishing Company website. Each code list has a Change Request Form with instructions on how to complete the form.

Does CARC and RARC usage decrease administrative expense?

Yes. It helps BCBSF reduce claim resubmissions and reduces inquiries.

Is there a complete list of CARCs and RARCs?

Yes. To obtain the most recent and complete list of CARCs and RARCs, please visit the Washington Publishing Company website.

Who should I call if I have questions about CARCs and RARCs?

Call the Provider Contact Center at **(800) 727-2227** or contact your physician/provider relations specialist.