March 7, 2014

Announcement 707

Implementation for CAQH CORE® Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA) Operating Rules

The Operating Rules for the Council of Affordable Quality Healthcare (CAQH) Committee on Operating Rules for the Information Exchange (CORE®) Phase III will be implemented for Nevada Medicaid/Nevada Check Up. The Patient Protection and Affordable Care Act (ACA) require implementation of CAQH CORE Operating Rules. The original implementation date of January 1, 2014, has been delayed until March 2014. Future web announcements on this website will notify providers of the actual implementation date.

CAQH CORE Phase III Operating Rules support Electronic Funds Transfer (EFT) and health care payment and Electronic Remittance Advice (ERA) transactions. The Rules encourage entities to use the infrastructure they have for eligibility and claim status and apply it to the health care claim payment/advice. In order to electronically process an 835, health plans and providers need to have a detailed 835 record.

CAQH Committee on Operating Rules for Information Exchange (CORE) Phase III CORE 370 EFT & ERA Reassociation (CCD+/835) Rule:

Providers currently receive their ERA approximately 5-6 days prior to the "Effective" date of the corresponding EFT date. Due to the Phase III CORE 370 EFT & ERA Reassociation (CCD+/835) Rule, Nevada must comply with the Healthcare EFT Standards:

- No sooner than three business days based on the time zone of the health plan prior to the CCD+ Effective Entry Date
  AND
- No later than three business days after the CCD+ Effective Entry Date

When CAQH CORE III is implemented in March, trading partners and providers will no longer have their 835 transactions available on the Monday prior to their EFT Effective Date. The availability of the Electronic Remittance Advice will now be available on the Wednesday, at 12:01 a.m. Pacific Time, prior to the EFT Effective date. This change is mandatory to keep Nevada Medicaid/Nevada Check Up compliant. See below for further explanation under Phase III CORE 370 EFT & ERA Reassociation (CCD+/835) Rule.

CAQH Committee on Operating Rules for Information Exchange (CORE) Phase III CORE 360 Uniform Use of CARCs and RARCs (835) Rule:

- The Phase III CORE 360 Uniform Use of Claim Adjustment Reason Codes (CARCs) and Remittance Advise Remark Codes (RARCs) Rule establishes data content rule requirements for conducting the v5010 X12 835 transaction (ERA). The v5010 X12 835 provides data to the provider regarding the payment of a claim including why the total charges originally submitted on a claim have not been paid in full or a claim has been denied. The denial or adjustment of a claim is identified by the health plan using combinations of four claim denial/adjustment code sets that, when used in combination, should supply the provider with necessary detail regarding the payment of the claim. These code sets are Claim Adjustment Reason Codes

(CARCs), Remittance Advise Remark Codes (RARCs), Claim Adjustment Group Codes (CAGCs) and NCPDP External Code List Reject Codes (NCPDP Reject Codes).

- Currently, there is confusion throughout the healthcare industry regarding the use of the claim denial/adjustment codes. CORE determined that the healthcare industry requires operating rules establishing data content requirements for the consistent and uniform use of CARCs, RARCs, CAGCs and NCPDP Reject Codes when transmitting the v5010 X12 835. Consistent and uniform use of CARCs, RARCs, CAGCs and NCPDP Reject Codes for electronic reporting of claims adjustment and denials will help to mitigate:
    - Unnecessary manual provider follow-up
    - Faulty electronic secondary billing
    - Inappropriate write-offs of billable charges
    - Incorrect billing of patients for co-pays and deductibles
    - Posting delays

  And provide for:
    - Less staff time spent on phone calls and websites
    - Increased ability to conduct targeted follow-up with health plans and/or patients
    - More accurate and efficient payment of claims

Achieving a consistent and uniform approach in such a complex area requires using a multi-step process that is focused on actively enabling the industry to reach its long-term goal of a maximum set of CARC/RARC/CAGC and CARC/NCPDP Reject Code/CAGC combinations. This initial rule provides a clear set of reasonable and well-researched requirements and a process to create future requirements that are based upon real-world results. Trading partners and providers will begin to see updated CARC/RARC code combinations on their 835 transactions after implementation of Rule 360.