



## Understanding Your Remittance Advice Reports



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The Centers for Medicare & Medicaid Services (CMS) prepared this Remittance Advice (RA) booklet to outline RA information for Medicare Providers. It allows you to navigate easily to relevant topics by clicking on the particular topic below.

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## WHAT IS AN RA?

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The Remittance Advice (RA) contains information about your claim payments that Medicare Administrative Contractors (MACs) send, along with the payments, to providers, physicians, and suppliers.

The RA, which may either be in the form of an Electronic Remittance Advice (ERA) or a Standard Paper Remittance (SPR), explains the payment (and any adjustment(s) Medicare made to it) during the claims adjudication process. RAs give itemized claims processing decision information regarding:

- Payments
- Deductibles and co-pays
- Adjustments
- Denials
- Missing or incorrect data
- Refunds
- Claims withholding due to Medicare Secondary Payer (MSP) or penalty situations

The RA gives justification for the payment, as well as input to your accounting system/accounts receivable and general ledger applications. The codes in the RA will help you identify any additional action you may need to take. For example, some RA codes may indicate that you need to resubmit the claim with corrected information, while others may indicate that you can appeal a payment decision.

For more information about RAs visit the [Health Care Payment and Remittance Advice](#) webpage.

## WHAT INFORMATION DOES THE RA INCLUDE?

The RA gives detailed payment information about a health care claim(s) and, if applicable, describes why Medicare has not paid the total original charges in full. The RA codes help the provider understand the actions the MACs took while processing the claim(s), and to identify any additional action that may be necessary.

The RA uses fields to identify areas of a claim and codes to categorize details of the claim. A field may indicate specific data about the beneficiary, or specific supplies or services the provider rendered. A code represents a standardized reason or condition that relates to the claim or service.

For example, some RA codes may indicate a need to resubmit a claim with corrected information, while others may indicate whether the provider may appeal the payment decision.

The basic elements of the RA can be alphabetic, numeric, or alphanumeric. The HIPAA format standards define these elements as “Required” or “Situational.” The required fields are mandatory and MACs must include them in every RA. Situational fields depend on data content and context (for example, Medicare requirements for a particular service).

**Note:** The field names may vary depending on the translator software used by the provider.

The RA also features valid codes and specific values that make up the claim payment. Some of these codes may identify adjustments. An adjustment refers to any change that relates to how a MAC paid a claim differently than the original billing.

There are seven general types of adjustments:

1. Denied claim
2. Zero payment
3. Partial payment
4. Reduced payment
5. Penalty applied
6. Additional payment
7. Supplemental payment

Although several codes may appear on an RA, not all of these codes may appear at the same time. The codes are either medical or non-medical code sets, as defined below.

### Medical Code Sets

Medical code sets are clinical codes MACs use to identify what procedures, services, supplies, drugs, and diagnoses pertain to a beneficiary encounter. Professional societies and public health organizations maintain medical codes that characterize a medical condition or treatment. Some medical code sets are specific to a particular provider type.

The RA includes medical code sets such as:

- HCPCS Level I and Level II Codes
- International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10-CM)
- Current Procedure Terminology (CPT) Codes
- Current Dental Terminology (CDT) Codes
- National Drug Codes (NDCs)

For additional information review the RA [medical codes sets](#).

## Non-Medical Code Sets

Non-medical code sets are code sets that characterize a general administrative situation rather than a medical condition or service. The non-medical code set descriptions appear below.

### Claim Adjustment Reason Codes (CARCs)

CARCs supply financial information about claim decisions. CARCs communicate adjustments the MAC made and offer explanation when the MAC pays a particular claim or service line differently than what was on the original claim. If there is no adjustment to a claim or service line, then there is no need to use a CARC. You can locate CARCs in the ADJ REASON CODES field on the ERA and the RC field on the SPR. For a listing of all CARCs and their descriptions, see [WPC](#).

### Remittance Advice Remark Codes (RARCs)

RARCs further explain an adjustment or relay informational messages that CARCs cannot express. Additionally, there are some informational RARCs, starting with the word 'Alert' that MACs use to give general adjudication information. These RARCs are not always associated with a CARC when there is no adjustment.

For a listing of RARCs and their descriptions, visit the [WPC](#) website. For more details, see the Medicare Claims Processing Manual ([Chapter 22](#), Section 60.3).

CMS also updates RARCs three times per year (at the same time the updated reason code list appears) and posts the list on the [WPC](#) website.

### Group Codes

A group code is a code identifying the general category of payment adjustment. A group code is always used in conjunction with a CARC to show liability for amounts not covered by Medicare for a claim or service. For more information on group codes, visit the Medicare Claims Processing Manual, [Chapter 22](#) (Remittance Advice), Section 60.1 (Group Codes).

### Provider-Level Balance (PLB) Reason Codes

At the provider level, adjustments usually do not relate to any specific claim or service-line in the RA. The Provider Level Balance (PLB) reason codes describe adjustments the MACs make at the provider level, instead of a specific claim or service line. Some examples of provider-level adjustments would be:

- An increase in payment for interest due as a result of late payment of a claim by Medicare
- A deduction from payment as a result of prior overpayment
- An increase in payment for any provider incentive plan

The PLB code list is an internal code list. For more information on PLB codes, see MLN Matters® Article [MM11708](#).

While providers get an ERA or SPR, Medicare beneficiaries get a Medicare Summary Notice (MSN) indicating how much financial responsibility the beneficiary incurs because of the claim.

### CARC and RARC Update Schedule

The Council on Affordable Quality Healthcare (CAQH) Committee on Operating Rules for Information Exchange (CORE) mandated operating rules require the standardized CARC and RARC combinations when used on the X12 835 transaction. CAQH CORE maintains these combinations in a list updated three times a year. The complete CARC/RARC code combination list is available at: [CARC/RARC](#). This website notifies the provider of the following events in the RARC maintenance process:

- The Start (or effective date) and Last Modified date of 'current' codes
- The Start, Last Modified, and planned Stop Date of 'to be deactivated' codes
- The Start, Last Modified, and Stop Date of 'deactivated' codes

The Washington Publishing Company (WPC) updates the list of CARCs three times a year after the committee meets before the X12 trimester meeting in the months of January/February, June, and September/October.

The WPC updates the RARC list three times a year, and posts the list on the [WPC](#) website, at the same time the reason code list is updated. WPC updates both code lists on or around March 1, July 1, and November 1. MACs use the latest approved remark codes. CMS publishes MLN Matters articles whenever CARC/RARC updates are made. Subscribe to the [MLN Matters® Electronic Mailing List](#) to receive email notice of all new MLN Matters articles, including those announcing CARC/RARC changes.

MACs may also alert providers of updated codes through bulletins, appropriate listserv messages, and/or their websites.

## WHAT TYPES OF RAS ARE AVAILABLE?

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MACs send RAs in either an ERA, or a SPR. Although the information that the two formats give is similar, the ERA offers some data and administrative efficiencies not available in an SPR. For example, you may manipulate ERAs electronically into a variety of report formats. Listed later in this booklet are further advantages of the ERA.

To obtain ERAs, or to switch from receiving SPRs to ERAs, you need to contact your MAC to establish Electronic Data Interchange (EDI) capabilities with that MAC. ERAs are only available electronically to providers for a specified period after claims adjudication. Your MAC determines the timeframe for RA availability. Therefore, you should confirm the timeline and establish processes to download and save ERA data files on a regular basis.

MACs do not distribute SPRs if a provider also receives ERAs for more than 31 days (institutional providers) and 45 days (professional providers/suppliers). If you submit through a billing service or clearinghouse, or a submitter/sender ID that is currently receiving ERAs, you will no longer receive SPRs effective with the completion of the ERA setup date.

## ERA vs SPR

You may get an RA from Medicare as an ERA or as an SPR. Although the information on ERAs and SPRs is similar, the two formats are different. The ERA offers some data and administrative efficiencies not available in an SPR. Additionally, an ERA can have more information than an SPR. For example, an SPR has two basic page layouts: the Claims Page and the Summary Page. However, an ERA has four page layouts: the All Claims Screen, Single Claim Screen, Bill Type Summary Screen, and Provider Payment Screen. You can manipulate ERAs electronically into a variety of report formats. The Health Insurance Portability and Accountability Act (HIPAA) does not cover the SPR, so service-line information may not appear on some Institutional SPRs like it does on an ERA. The SPR shows the same lines, fields, and codes that are on the ERA, which helps you to make sure that the 835 transaction balances at three levels (transaction, claim, and service line).

Health care professionals who are active in the Medicare Program and submit claims, may get an ERA. ERA is an outbound EDI transaction from the payer that enables you to get payment information in an electronic file format. If you have software capability in place in your system, your MAC can automatically post an ERA file created by Medicare to your accounts receivable system. Once you have the ERA in place, the payment posting process is more efficient and accurate.

There are advantages to using the ERA versus the SPR. Using an ERA saves time and increases productivity by providing electronic payment adjustment information that is portable, reusable, retrievable, and storable.

Trading partners can exchange an ERA with much greater ease than an SPR. ERA advantages include:

- Faster communication and payment notification
- Faster account reconciliation through electronic posting
- Automation of follow-up action
- Generation of less paper
- Lower operating costs
- Ability to create various reports
- Ability to search for information on claims
- Ability to export data to other applications
- More detailed information
- Access to data in a variety of formats through free software supported by Medicare

The amount payable for each claim and/or service line as well as each adjustment applied to either can be automatically posted to accounting or billing applications from an ERA, eliminating the time and cost for staff to post this information manually from an SPR. ERAs generally contain more detailed information than SPRs. Also, ERAs may enable providers to automate follow-up actions after getting an RA.

If you submit your claims on paper or if you send claims electronically and do not have your own submitter number but want to get ERAs directly, you must complete the Separate Remittance Agreement form. You may allow a billing service or clearinghouse to get the ERA files on your behalf by completing the Provider/Submitter Agreement form. If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

Medicare provides free downloadable translator software that can both read ERAs as well as print the equivalent of an SPR. PC-Print is available for Institutional Providers, and Medicare Remit Easy Print (MREP) is available for Professional Providers. These software products enable you to store, view, and print RAs when you need them, thus eliminating the need to request or await mail delivery of SPRs. The software also enables you to export special reports to Excel and other application programs you may have.

## WHO GETS AN RA?

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MACs send RAs to providers, billers, and sometimes to a provider's designated financial institution (if the provider enrolled in the EDI). After they process institutional or professional claims, MACs generate, as appropriate, an Institutional RA or a Professional RA; as a companion to the payment or as an explanation of no payment.

Medicare categorizes providers who either accept or do not accept assignment.

- Providers who accept assignment get payment from a MAC for the claims they submitted, as well as an RA.
- Providers who do not accept assignment must still submit claims to a MAC for services, procedures, or supplies they furnish to Medicare beneficiaries. The MAC sends payment for those claims to the beneficiary. The provider receives an informational RA to report the amount of payment and the adjustments the MAC made to those claims during adjudication. Providers who do not accept assignment must bill the beneficiary to get payment.

**Note:** Medicare issues one check or [Electronic Funds Transfer \(EFT\)](#) when payment is due, representing all benefits due from Medicare for the claims itemized in an ERA or SPR.

## ONCE I RECEIVE AN RA, WHAT DO I DO?

As a Payee you will use RA information as inputs to patient accounting system/Accounts Receivable (A/R) and general ledger applications. In addition, RA information may indicate a need for you to resubmit a claim with corrected information. RA information also indicates whether you can appeal the payment.

If you get ERAs, you can:

- Identify the reasons for adjustments (denials or payment reductions)
- Post decision and payment information automatically, for individual claims in the RA, to the appropriate beneficiary accounts when you are using a compatible provider A/R software application
- Note when Medicare schedules an EFT payment issued with the ERA for deposit in your bank account, or arrange for a deposit of a paper check
- Submit a secondary electronic claim that incorporates Medicare adjustment and payment for data from the ERA to other health care plans that cover the beneficiary if the ERA does not indicate that Medicare has issued a COB transaction
- Submit a paper secondary claim when appropriate to other health care plans, with an attached print out of the Medicare ERA information
- Print for specific payment information, as needed, by using translation software
- Avoid future errors by identifying potential problems with the way original claims were submitted

If you get SPRs, you can:

- Post manually to accounts receivable
- Use it to correct any errors that you may have encountered during claims processing and
- Bill secondary health care plans that cover the beneficiary



## FREQUENTLY ASKED QUESTIONS (FAQS)

Table 1. Most frequently asked questions with the answers

Topic/Issue	Answer
What is the 835?	It is the HIPAA-compliant ASC X12N 835 format, often referred to as Transaction 835, or <b>the 835</b> .
What is PC-Print?	<ul style="list-style-type: none"> <li>• PC-Print is free software, which is a Personal Computer (PC)-based ASC X12N 835 translator interactive program. It allows you to view and print the Medicare Part A ERA.</li> <li>• PC-Print software is available for Medicare Part A providers to view and print HIPAA-compliant ERAs from their own computer. If your current system does not have ERA capability, PC-Print software is available at no cost. This software is easy to use and will save you both time and money if you are currently receiving SPR and transition to ERA.</li> <li>• Your MAC makes PC-Print software available to you as a download for no charge. Your MAC may charge up to \$25.00 per mailing to recoup cost if the MAC sends you the software on a CD/DVD or by any other means at a provider's request when the software is available for downloading. You may contact your MAC's EDI Helpline if you need help getting PC-Print.</li> </ul>
Does PC-Print give an option for viewing/printing the ERA that mimics the paper remittance?	<ul style="list-style-type: none"> <li>• Yes, you may view or print the ERA in a format similar to the SPR.</li> <li>• To view the entire ERA, import the ERA that you wish to view and click on the button for the All Claims (AC) screen. This screen displays the data in a manner similar to the content and format of an SPR.</li> <li>• To print the entire ERA, after selecting the AC screen, just click on the printer button and this allows you to print the entire ERA in a format that is similar to the SPR.</li> </ul>
How Do I Switch from an SPR to an ERA?	If you currently get SPRs and want to switch to ERAs, contact the EDI department of your MAC. Note: MACs no longer send the SPR to professional providers who also have been receiving ERAs for 45 days or more.
How long is the ERA available in PC-Print? After PC-Print is closed, how can we access the ERA?	<ul style="list-style-type: none"> <li>• Once you have downloaded an ERA from your EDI mailbox and saved it to your office computer, open it in PC-Print.</li> <li>• Browse to the directory where you saved your 835 ERAs.</li> <li>• If there is a problem retrieving your RA, reload it to your EDI mailbox. Please contact Medicare EDI at 1-888-670-0940, option one for help.</li> </ul>

## Frequently Asked Questions (FAQs) continued

Topic/Issue	Answer
What is MREP?	CMS gives this free software for Part B professional providers and suppliers. This software allows viewing and printing of the HIPAA-compliant 835. You can use this software to access and print RA information including special reports from the HIPAA 835. MREP allows you to print HIPAA ASC X12N 835 version 5010A1 files to a format that is similar to the traditional SPR format. You can use MREP to view, search, and print RAs; and print and export reports containing RA information.
If I sign up for ERA will it affect how I get my payment?	No, ERA and Medicare payments are two separate functions. If you sign up for ERA, it will not affect the way Medicare pays your claims.
Will I be able to access ERAs that Medicare issued prior to the date I signed up for ERA?	No, ERA becomes effective the day you sign up. You cannot access RAs that Medicare issued before you signed up.

## RESOURCES

Table 2. Remit Advice Resources

Resource	Website
Electronic Remit Advice (ERA) and Standard Paper Remit (SPR)	<a href="https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Remittance">https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Remittance</a>
Health Care Payment and Remittance Advice	<a href="https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Remittance">https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Remittance</a>
Medicare Claims Processing Manual Chapter on Remittance	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c22.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c22.pdf</a>
Medicare/MAC EDI Helplines	<a href="https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Downloads/EDIHelplines.pdf">https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/Downloads/EDIHelplines.pdf</a>
MREP User's Guide	<a href="https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/AccessToDataApplication/downloads/EasyPrintUserGuide.pdf">https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/AccessToDataApplication/downloads/EasyPrintUserGuide.pdf</a>
PC Print User Guide	<a href="https://medicare.fcso.com/PC-Print_software/210042.pdf">https://medicare.fcso.com/PC-Print_software/210042.pdf</a>
Washington Publishing Company (WPC) Website	<a href="https://x12.org/codes">https://x12.org/codes</a>

Table 3. Hyperlink Table

Embedded Hyperlink	Complete URL
Chapter 22	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c22.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c22.pdf</a>
Electronic Funds Transfer	<a href="https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/EFT">https://www.cms.gov/Medicare/Billing/ElectronicBillingEDITrans/EFT</a>
Medical Code Sets	<a href="https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/Code-Sets/index">https://www.cms.gov/Regulations-and-Guidance/Administrative-Simplification/Code-Sets/index</a>
MLN Matters® Article MM11708	<a href="https://www.cms.gov/files/document/mm11708.pdf">https://www.cms.gov/files/document/mm11708.pdf</a>
MLN Matters® Electronic Mailing List	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/What_Is_MLNMatters.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/What_Is_MLNMatters.pdf</a>

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