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# CMS Manual System

## Pub. 100-20 One-Time Notification

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 103

Date: JULY 30, 2004

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### CHANGE REQUEST 3236

**Note: This transmittal replaces transmittal 100 dated July 23, 2004. Business Requirement 3623.2 had the wrong date. The correct date is January 3, 2005. All other information remains the same.**

**I. SUMMARY OF CHANGES:** Carrier and DMERC 835 flat file and companion document change and replacement of deactivated reason code A2.

This one time notification contains information about changes in the carrier/DMERC flat file and Companion Document for transaction 835, and instruction to replace reason code A2 that has been deactivated with 121 as the default code to be used in rare cases where an appropriate reason code could not be identified, and the remittance advice must be released.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005**

**\*IMPLEMENTATION DATE: January 3, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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:

(R = REVISED, N = NEW, D = DELETED – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
	N/A

### \*III. FUNDING:

**These instructions shall be implemented within your current operating budget.**

### IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

**\*Medicare contractors only**

# One-Time Notification

Pub. 100-20	Transmittal: 103	Date: July 30, 2004	Change Request 3236
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**Note: This transmittal replaces transmittal 100 dated July 23, 2004. Business Requirement 3623.2 had the wrong date. The correct date is January 3, 2005. All other information remains the same.**

**SUBJECT: ANSI X12 Transaction 835 Flat File and Companion Document Correction for Carriers and DMERCs, and Deletion of a Hard Coded Reason Code A2 that Has Been Deactivated.**

## I. GENERAL INFORMATION

### A. Background:

#### **Changes in 835 Flat File for Carriers – Section A**

Change Request 2657 changed the 835 flat file for carriers and Durable Medical Equipment Regional Contractors (DMERCs) to accommodate quantity in metric units, which may have up to 7 numeric positions, and up to 3 decimal points. COBOL PICTURES (PICs) were changed in the updated flat file when SVC01-1=N4, but it also changed the PICs when SVC01-1=HC.

This CR changes the PICs for SVC05 and SVC07 when SVC01-1=HC to:

SVC05 Units of Service Paid Count: S9(3)V9  
SVC07 Original Units of Service Count: S9(7)V9

The updated flat file is posted at <http://www.cms.hhs.gov/providers/edi/hipaadoc.asp> under the file name B835v4010&4010A1-5.zip.

#### **Changes in 835 Flat File for Carriers and DMERCs – Section B**

It has been reported that carriers using VIPS system is running into a balancing problem when an adjustment made to a previous payment needs to be readjusted. A claim level CAS entry to note that this has been paid in a previous 835 (using reason code B13), would resolve this issue. The flat file and the companion document have been updated to reflect this change. VIPS users may use the claim level CAS segment to insert an adjustment when there is no impact on dollar amount for this 835. The updated companion document is posted at <http://www.cms.hhs.gov/providers/edi/hipaadoc.asp> under the file name B835v4010CD-5-2004.doc.

#### **Deactivation of Reason Code A2 for Carriers and DMERCs**

Currently A2 is hard coded by both MCS and VIPS to be used as a default code when an appropriate code is not found. By October 4, 2004, reason code 121 (Indemnification Adjustment) will replace code A2. Code A2 will be deleted, and will not be used in 835, 837 COB, and any other transaction that may use the reason code.

Carriers and DMERCs must insert the most appropriate reason (and remark or reject/payment codes) depending on the reason for adjustment, and use any default code in extremely rare cases. Reason code 121 shall be used only when no other reason code could be identified, and the remittance advice must be released. Shared Systems and the contractors must make any necessary changes in their programming to make sure that the default code 121 is not being used on a regular basis.

**B. Policy:**

HIPAA transactions must comply with the implementation guides.

**C. Provider Education:**

A provider education article related to this instruction will be available at [www.cms.hhs.gov/medlearn/matters](http://www.cms.hhs.gov/medlearn/matters) shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

**II. BUSINESS REQUIREMENTS**

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
3236.1	The shared system maintainer (VIPS), and carriers using VIPS shall implement the flat file change - Section A.	VIPS/VIPS carriers
3236.2	<b>By January 3, 2005</b> , the carriers, DMERCs, and the SSMs shall (1) replace reason code A2 with reason code 121 as the default code for 835, 837 COB, and any other transaction that may use this code, and (2) make necessary programming changes to limit the use of the default code 121 to extremely rare cases when no appropriate reason code could be identified, and the remittance advice must be released.	SSMs/Carriers/DMERCs
3236.3	The shared system maintainer (VIPS), and the carriers and DMERCs using VIPS shall	VIPS/VIPS carriers/DMERCs.

	implement the flat file change –Section B.	
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### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting/Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> January 1, 2005</p> <p><b>Implementation Date:</b> January 3, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Sumita Sen, ssen@cms.hhs.gov 410-786-5755</p> <p><b>Post-Implementation Contact(s):</b> Sumita Sen, ssen@cms.hhs.gov 410-786-5755</p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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