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Instructions for Use of Informational Remittance Advice Remark Code Alert on Laboratory Service Remittance Advices

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Related Change Request (CR) Number: 11369
Related CR Release Date: August 2, 2019
Effective Date: January 1, 2020
Related CR Transmittal Number: R2335OTN
Implementation Date: January 6, 2020

Note: We revised this article on January 14, 2020, to add a link to a related article SE19006. SE19006 states that for CDLTs that are not ADLTs, the data reporting is delayed by one year and must now be reported between January 1, 2021, and March 31, 2021 (previously January 1, 2020, through March 31, 2020). The article also added the "CLFS Data Reporting Delayed" Section on page 24 to summarize the changes. All other information remains the same.

PROVIDER TYPES AFFECTED

This MLN Matters article is for physicians, providers, and suppliers billing Medicare Administrative Contractors (MACs) for laboratory services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR 11369 states, effective January 1, 2020, MACs will include a revised informational Remittance Advice Remark Code (RARC) Alert Code N817 on all RAs returned from processed claims containing a laboratory service. Make sure your billing staffs are aware of these changes.

BACKGROUND

Section 1834A of the Social Security Act, as established by Section 216(a) of the Protecting Access to Medicare Act of 2014 (PAMA), required significant changes to how Medicare pays for Clinical Diagnostic Laboratory Tests (CDLTs) under the Clinical Laboratory Fee Schedule (CLFS). The CLFS final rule, "Medicare Clinical Diagnostic Laboratory Tests Payment System Final Rule" (CMS-1621-F) was published in the Federal Register on June 23, 2016.

Under the CLFS final rule, reporting entities must report to the Centers for Medicare & Medicaid Services (CMS) certain private payor rate information (applicable information) for their component applicable laboratories. The implementation of PAMA required Medicare to pay the weighted median of private payor rates for each separate Healthcare Common Procedure Coding System (HCPCS) code.

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Laboratories, including an independent laboratory, a physician office laboratory, or a hospital outreach laboratory, that meet the definition of an applicable laboratory, must report information including laboratory test HCPCS codes, associated private payor rates, and volume data according to the below timeframes, generally every 3 years.

- January-June 2019: Collect data
- July-December 2019: Analyze data
- January-March 2020: Report data

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) instructs health plans to be able to conduct standard electronic transactions adopted under HIPAA using valid standard codes. Medicare policy states that Claim Adjustment Reason Codes (CARCs) and RARCs, as appropriate, which provide either supplemental explanation for a monetary adjustment or policy information that generally applies to the monetary adjustment, are required in the remittance advice and coordination of benefits transactions.

To assist in reminding laboratories of their reporting obligations, the following new alert RARC code will appear on remittances:

- N817: ALERT-Applicable laboratories are required to collect and report private payor data and report that data to CMS between January 1, 2020 - March 31, 2020.

ADDITIONAL INFORMATION

The official instruction, CR 11369, issued to your MAC regarding this change is available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R2335OTN.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

Date of Change	Description
January 14, 2020	We revised this article to add a link to a related article SE19006. SE19006 states that for CDLTs that are not ADLTs, the data reporting is delayed by one year and must now be reported between January 1, 2021, and March 31, 2021 (previously January 1, 2020, through March 31, 2020). The article also added the "CLFS Data Reporting Delayed" Section on page 24 to summarize the changes.
August 2, 2019	Initial article released.