

**Subject:** Business Decision – CAS Segment Requirements

**Issue:** Prepaid Health Plans (PHPs) are not required to include the CAS segment, 2430 loop when a service line is paid, Accepted or \$0 paid and Disposition/Reason (D/R) Code is A01 (Accepted). No HIPAA Adjustment Reason Code (HARC) indicating a D/R Code A01 was identified.

**Background:** In the encounter NSF/UB92 electronic format OMAP developed a process that requires the PHPs to indicate, by line item on the claim, whether a service was “Accepted” (A01) (paid/covered) or “rejected” (not paid). For “Accept” there is only one code, for “reject” D/R codes there are eight (8) identified reasons to select for encounter claims submission. If the PHP needed to correct a D/R code the process would be to resubmit the claim as an adjustment referencing the Internal Control Number (ICN) (as assigned by OMAP) and include all the D/R codes. If a D/R code is missing or invalid OMAP will post pend error 101. OMAP utilizes the D/R codes when determining which claims will go to the 'clean' database. OMAP's actuary to develop capitation rates uses the data from the 'clean' database for rate and risk analysis of expenditures. Historically A01, R15 and R17 have been used.

For the 837 transaction OMAP convened a group in the summer of 2003 comprised of PHPs and OMAP staff as a task force to review the HARC codes and crosswalk them to the current D/R codes. Based on that review the eight “reject” codes were crosswalked. It was also determined that no HARC would crosswalk to the OMAP “Accept” (A01) D/R code. Based on this the new process for claims data submission was developed. When submitting the CAS segment, loop 2430, the PHP would include the appropriate HARC if the lines were denied/no payment has been made and the D/R code is a “reject” code. OMAP will plug the cross-walked “reject” code based on the HARC used. Conversely, by omission of the CAS Segment and a HARC, OMAP will assume the line item to be “Accepted” and plug the ‘Accept’ (A01) D/R code for the PHP. If the PHP needed to correct the HARC the process would be to resubmit the claim as an adjustment referencing the ICN including (HARC reject) or not including (HARC Accepted) the CAS segment depending on the change needed.

DHS Recommendation: During the July 14, 2004 HIPAA Task Force meeting Patricia Krewson presented the stakeholders DHS' Business Recommendation that a disposition/reason code should be included on every service line that indicates the

service has been Accepted or Rejected by the PHP (see attachment). After a lengthy discussion weighing the pros and cons the stakeholders agreed to not make a final determination, and to allow the PHPs the opportunity take the recommendation to their technical staff for review and evaluation the following week. It was suggested and agreed upon that the results of the internal PHP analysis should be forwarded to Pat Van Dyke by close of business July 21, 2004.

**Notes:**

Current Disposition/Reason codes are:

A01 – line item Accepted/paid  
R11 – patient not eligible  
R12 – service not authorized  
R13 – service not covered  
R14 – service not required  
R15 – other coverage  
R16 – other reason for denial  
R17 – Medicare paid all or part

HARC code equivalents :

A01 – none  
R15 – seven HARC were identified  
R17 – one was identified: number 23 which means “payment adjusted because charges have been paid by another payer.”

There are over 200 HIPAA Adjustment Reason Codes (HARC).

**Decision:**

Decision Determining Factors:

PHPs:

- Including the CAS Segment with the recommended HARC indicator would be 'bending' the HIPAA Rules,
- The addition of this CAS Segment would have no value add to ensure the service line(s) indicators are accurate,
- Too many PHPs have already completed programming and testing with the current requirement. Additional work would be too costly,
- The PHPs only benefit from accurate encounter data so correcting service lines with erroneous HARC indicators is the prudent action, and
- Any additional monitoring/reporting DHS may have to establish to ensure the data are accurate for PHP follow up seems reasonable.

DHS:

- There is a distinct possibility that DHS and the PHPs will 'pay

a price' down the road for determining service line status based on missing information,

- Including the CAS Segment would increase the opportunity to catch any errors early on,
- DHS may have to establish never defined monitoring and reporting mechanisms for service line status based on missing information, and
- DHS can evaluate the feasibility of including monitoring and reporting processes in the new Medicaid Management Information System (MMIS).

Final decision:

Based on the considerations outlined above, DHS will continue the current business rule to include a CAS Segment only when the service line is not Accepted. DHS will begin the development of monitoring and reporting mechanisms. DHS will request PHP stakeholder input and recommendations for reporting and data correction processes.

**Attachments:** DHS Recommendation

**Contractor/OMAP Approval Date:** July 21, 2004

**Approval**

Signed off by Patricia Krewson on August 16, 2004

Patricia Krewson  
Print

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Name

August 16, 2004  
Date

# Oregon DHS Business Recommendation on Encounter 837 Disposition/Reason Codes for all Service Lines

## **Issue**

The DHS Encounter Disposition/Reason Code crosswalk process is assigning Disposition Codes without incoming data to support the assignment.

## **Background**

The Prepaid Health Plans (PHP) are required to report each service as being Accepted (paid, \$0 paid) or rejected. The current method of reporting the disposition of the service is to provide an A01 at the service line for accepted services or the appropriate reject disposition/reason code for rejected services. The disposition/reason codes are DHS local codes.

The HIPAA 837 transaction does not provide for these local codes. At this time a PHP is not required to include an 837 service line adjustment when the service line is 'Accepted'. The DHS crosswalk process assigns an A01 accepted disposition/reason code based on missing information.

## **Recommendation**

DHS Business has recommended that a disposition/reason code should be included on every service line that indicates the service has been Accepted or Rejected by the PHP. When the HIPAA Adjustment Reason Code (HARC) information is included for each service line in the 837 encounter, the appropriate disposition/reason will be assigned unless the HARC used is not on the crosswalk table. In that case the PHP would receive a Pend Error 101 as they do in the current processing.

No HARC code has been cross-walked to an A01 Accept code. DHS is recommending HARC 24 "Payment for charges adjusted. Charges are covered under a capitation agreement/managed care plan" as the HARC that most closely matches the intent of the A01.

## **Implementation**

DHS is prepared to begin the work necessary to accept a HARC on each service line so it can be cross-walked for each service line is sent.

This additional work should not impact the time lines DHS has established for the project.