

## Electronic Remittance Advice – ASC X12 835 Transactions

### **What is an ASC X12 835?**

Also known as an Electronic Remittance Advice (ERA), an ASCX 12 835 Health Care Claim Payment/Advice transaction is an electronic version of an Explanation of Benefits (EOB). You may have seen an EOB as a patient, when you went to the dentist for a checkup, or as a provider who has recently done work on a patient. In both cases, the EOB explains the charges experienced during a patient encounter, as well as the amount the payer is remitting to the provider, contractual adjustments, and any reasons that the charges might have been denied.

The ASC X12 835, being an electronic version of the EOB, carries the same information that you would see on an EOB, plus a little bit more information.

### **Benefits of Receiving Remittance Information Electronically**

ERAs have many advantages over EOBs, no matter how large or small an organization is:

- Paper EOBs have to be hand entered into a provider's ledger, which introduces the opportunity to mis-enter the information.
- ERA provides faster receipt of remittance information, as the information is instantly available once the payer generates it. Paper EOBs will travel about in the postal service, which can take days.
- If a paper EOB is lost, a replacement must be requested from the payer and mailed to the provider. That can take days, and even weeks. ASC X12 835 files can usually be re-downloaded instantly.
- ASC X12 835 transaction files can be easily archived. They don't take up too much disk space, and there's no need to have extra filing cabinets.
- A paper EOB will typically have a subscriber ID and patient name, along with the date(s) of service and line-item charge information. This forces the provider to match the EOB to a given patient. An ASC X12 835 transaction contains a claim control number that matches the exact claim that triggered the payment, so a one-to-one match is inherent when an ASC X12 835 is imported into a provider's EHR system.

### **Claim Adjustment Reason Codes**

Typically a payer will not pay 100% of a given charge. This could be due to literally hundreds of factors, ranging from non-covered charges to contracted negotiations between payers, providers, and subscribers. Every payer will have a list of those reasons on paper EOBs, but for ERA, there is a uniform list of reason codes, called Claim Adjustment Reason Codes (CARCs, for short). This list of codes is maintained by a national committee that meets every 4 months. An updated list is published three times a year, so it's a good idea to pay attention to the code list to see if any new codes have been added, or old codes removed.



The CARC list is hosted at the following URL: <http://www.wpc-edi.com/reference/codelists/healthcare/claim-adjustment-reason-codes/>

### **Remittance Advice Remark Codes**

While CARCs do a pretty decent job of conveying information on the difference between the charged amount and the paid amount, sometimes people need a little more information. Enter Remittance Advice Remark Codes, also known as RARCs. These codes are used to provide additional information for a monetary adjustment that was described by a CARC. Think of it as supplemental information. RARCs can also be used to convey alerts, such as "Your line item has been separated into multiple lines to expedite handling." This makes it easier for providers to understand why a claim was adjudicated the way it was.

Like the CARC, the RARC list is updated 3 times a year, holding the same schedule as the CARC list modification.

The RARC list is hosted at the following URL: <http://www.wpc-edi.com/reference/codelists/healthcare/remittance-advice-remark-codes/>

### **The 835 Health Care Claim Operating Rules**

CAQH's CORE program has been granted the authority by Congress to impose Operating Rules to make the ASC X12 835 transaction more robust and standardized. Details about their endeavors are at this URL: [http://www.caqh.org/CORE\\_phase3.php](http://www.caqh.org/CORE_phase3.php)

### **For Further Information**

The members of NDEDIC represent the best and most informed resources on the ASC X12 835 transaction use in the dental industry. Membership in NDEDIC offers access to these resources and more. For further information contact <mailto:info@ndedic.org>.