B. Appendix B: Workers Compensation Reporting of Reason for a Denial or Reduction of Payment

I. Scope:

The Minnesota Uniform Companion Guide and this Appendix do not modify any requirement in the workers' compensation statutes and rules governing the legal basis for denial or reduction of payment or the notice that must be given to the injured employee and the health care provider about payment or denial of medical charges or treatment.

This appendix applies only to remittance advices for workers' compensation claims to meet specific Minnesota workers' compensation jurisdictional requirements in Minn. Stat. § 176.136, subd. 6 and Minn. R. 5221.0600.

II. Enumerated Code List:

For purposes of this Appendix, an enumerated code list describes the basis for adjustment or denial of a workers' compensation medical bill or charge. Each enumerated code identifies the applicable Minnesota rule, part, and subpart or, if no rule applies, the applicable Minnesota statute or other legal basis for the adjustment or denial. An enumerated code must be used in addition to the applicable CARC/RARC code as described in section IV.

Examples:

- Code 176.136 S 1a (a) means Minnesota Statutes, section 176.136, subdivision 1a, paragraph (a).
- Code 5221.4035 S 5 D means Minnesota Rules, Part 5221.4035, subpart 5, item D.

III. Web Site URL:

The Minnesota Department of Labor and Industry (Department) maintains a web site URL that has links to the text of the statutes and rules used by workers' compensation payers as a basis to reduce or deny a charge. The URL address that must be referred to in loop 1000A segment PER is the URL website that is maintained by the Minnesota Department of Labor and Industry: www.dli.mn.gov. The URL website is required anytime a charge is reduced or denied.

Example: PER*IC**UR* www.dli.mn.gov~

IV. Instructions for using CARC/RARCs:

Items 1 to 11 describe how the claim adjustment reason codes (CARCs) and remittance advice remark codes (RARCs) must be used at the claim or line level. Note: The instructions below reference CARC W1, W2, W3. These codes are being replaced with new "P" codes as follows: W1 to P12, W2 to P13, W3 to P14. Either the W codes or their corresponding P codes may be used until 7/01/2014; beginning 7/01/2014, only the appropriate P codes may be used.

1. Use claim adjustment reason code 191 to deny payment on the basis that primary liability for the injury or illness being treated is denied.
2. Use claim adjustment reason code 214 to deny payment on the basis that the treatment is due to a prior workers' compensation injury that is the liability of a previous workers' compensation carrier.
3. Use claim adjustment reason code 219 to deny payment on the basis that the treatment or service is for a condition not related to the admitted workers' compensation injury.

4. Use claim adjustment reason code W1, along with any other applicable remittance advice remark code, to adjust a charge based on the maximum fee allowed under the workers' compensation relative value fee schedule according to Minn. Stat. § 176.136, subd. 1a and Minnesota Rules, parts 5221.4005 to 5221.4070.
5. Use claim adjustment reason code W2 to adjust a charge to 85% of the provider's usual and customary charge according to Minn. Stat. § 176.136, subd. 1b(b) and Minn. Rules 5221.0500, subp. 2 (B) (1).
6. Use claim adjustment reason code W2 to adjust a charge to 85% of the prevailing charges for similar treatment according to Minn. Stat. § 176.136, subd. 1b(b) and Minn. Rules 5221.0500, subp. 2 (B) (2).
7. Use claim adjustment reason codes 50, 56, or 152, as applicable, to adjust a charge on the basis that the service, article or supply is not reasonable and necessary to cure or relieve the effects of the injury or illness; or is not consistent with Minnesota workers' compensation treatment parameters (Minnesota Rules 5221.6010 to 5221.6600).
8. Use claim adjustment reason code 96 and remittance advice remark code N381 to adjust a charge based on a contractual reimbursement agreement between the provider and payer.
9. To adjust a charge based on a statute or rule for reasons other than those described in items 1 to 8, use any claim adjustment reason code that includes this language:

   > "Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment information REF), if present" and remittance advice remark code that best describes the adjustment. **(Claim adjustment reason codes with this language are listed in section V of this Appendix B.)**

   If there is no claim adjustment reason code that accurately describes the adjustment and includes the quoted language, use claim adjustment reason code W2.
10. If an entire bill is denied at the claim level, use the Insurance Policy Number Segment (Loop 2100) Other Claim Related Information REF. Use the qualifier 'IG' for bills that are adjusted at the claim level.

    Example #1:

    Claim adjustment reason code 191 is used when an entire bill is denied on the basis that primary liability for the injury or illness being treated is denied per Minnesota Statute 176.135 subdivision 6 (1).

    - In REF 01, use qualifier IG
    - In REF 02 specify the appropriate code for the applicable statute, followed by the URL for the website that is maintained by the Minnesota Department of Labor and Industry to describe enumerated codes: www.dli.mn.gov.

      Example: REF*IG*176.135 S 6 (1) www.dli.mn.gov~
11. If a bill is reduced at the line level, use the Healthcare Policy Identification Segment (Loop 2110) to specify the appropriate code for the most specific statute and subdivision or rule part and subpart supporting the adjustment.

Example #2:

Claim adjustment reason code W1 is used when a line item of a bill is reduced based solely on the maximum fee in the Minnesota workers compensation medical fee schedule rule per Minnesota Statute 176.136 subdivision 1a (1) and Minnesota Rule 5221.4020, subpart 1b, item A (1).

- In REF01, use qualifier 0K
- In REF02, specify the appropriate code for the applicable statute, rule or law.

  Example: REF*0K*176.136 S 1a (1); 5221.4020 S1b A (1)~

Example # 3:

Claim adjustment reason code W1 is used and a line item of a bill is reduced based on the Minnesota workers compensation medical fee schedule multiple procedure

rule per Minnesota Statute 176.136 subdivision 1a (a)and Minnesota Rule 5221.4035, subpart 5, item D.

- In REF01, use qualifier 0K
- In REF02, specify the appropriate code for the applicable statute, rule or law

  Example: REF*0K*176.136 S 1a (a); 5221.4035 S 5 D~

V. Allowed CARC codes:

***Only** Claim Adjustment Reason Codes (CARCs) with the language: **"Note: Refer to the 835 Healthcare Policy Identification Segment (loop 2110 Service Payment Information REF), if present"** are allowed to be used in Minnesota workers' compensation transactions. Currently CARC codes with this language are:

4,5,6,7,8,9,10,11,12,16,40,49,50,51,54,55,56,58,59,61,96,97,107,108,152,167,170,171,172,179, 183,184,185,191,214,218,219,221,222,231,B7,B8,B15,W1,W2,W3.

Note: Claim Adjustment Reason Codes are updated (additions, deletions, changes) three times/year by the ANSI X12N Health Care Claim Adjustment Reason Code/Health Care Claim Status Code Committee. These updates are published by Washington Publishing Company at http://www.wpc-edi.com. This Guide and Appendix incorporate by reference any CARC changes.