

**Uniform Use of Claim Adjustment Reason Code (CARC) and
Remittance Advice Remark Code (RARC) (835) Rule**

(Phase 2, Iteration 2)

Increment 1

Requirements Specification Document



Department of Veterans Affairs

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Revision History

[illegible]

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1. INTRODUCTION

Changes to Veterans Health Information Systems and Technology Architecture (VistA) Accounts Receivable (AR), Integrated Billing (IB), Insurance Capture Buffer (ICB) and Kernel application software are being requested by the Veterans Health Administration (VHA) Chief Business Office (CBO) eBusiness Solutions to comply with legislative changes mandated by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as amended by Public Law (P.L.) 111-148, The Patient Protection and Affordable Care Act (PPACA), Section 1104.

VHA uses the following standard, unique identifiers and Electronic Data Interchange (EDI) transactions in support of its third-party revenue and collections operation:

- National Provider Identifier (NPI)
- 270/271 Health Care Eligibility Benefit Inquiry and Response
- 837 Health Care Claims – Institutional and Professional
- National Council Pharmacy Drug Program (NCPDP) Pharmacy Transactions
- 835 Health Care Claim Payment/Advice
- EFT

The Uniform Use of CARC/RARC (835) Rule (Phase 2, Iteration 2) projects allow VA to more effectively obtain payment from patients, to more quickly generate secondary claims to other payers, and to reduce open accounts receivable through implementation of standard CARC/RARC usage.

This project work is necessary to meet federally mandated requirements of the Administrative Simplification provisions in Section 1104 of the [PPACA of 2010](#) [REDACTED] and the Health Information Technology for Economic and Clinical Health Act (HITECH): [REDACTED]

1.1. Purpose

The purpose of this Requirement Specification Document (RSD) is to outline the requirements for the Uniform Use of CARC and RARC (835) Rule (Phase 2, Iteration 2) project.

The target audience for this RSD includes the Office of Enterprise Development (OED), Product Support, Software Quality Assurance, the CBO, Financial Services Center (FSC) technical support staff, and the end users.

1.2. Scope

This document presents the functional requirements for the Uniform Use of CARC and RARC (835) Rule enhancement. Harris Corporation derived these requirements from the business needs referenced in the following table as well as requirements elaboration meetings with the customer. The table also represents the scope of the requirements addressed in this release.

Future iterations will address additional business needs identified in the 20130515 Uniform Use of CARC RARC 835 Rule (Phase 2 Iteration 2) Business Requirements Document (BRD).

BN/OWNER # ReqPro Tag	Business Need (BN)/Owner (OWNER) Requirement	Functional Requirements Reference
Requirement 4.1 OWNER572	Work with FSC staff to create mechanism to successfully transfer initial CARC data to VistA.	2.6.1.1.1
Requirement 4.2 OWNER573	Provide mechanism to successfully transfer subsequent CARC data updates to VistA.	2.6.1.1.1
Requirement 4.3 OWNER574	Work with FSC staff to create mechanism to successfully transfer initial RARC data to VistA.	2.6.1.2.1
Requirement 4.4 OWNER575	Provide mechanism to successfully transfer subsequent RARC data updates to VistA.	2.6.1.1.1
Requirement 4.9 OWNER580	Provide EDI report(s) to display CARC data.	2.6.1.1
Requirement 4.10 OWNER581	Provide EDI report(s) to display RARC data.	2.6.1.2

1.3. Assumptions and Dependencies

- The Centers for Medicaid and Medicare Services will reduce/redefine the existing claim codes and provide a crosswalk.
- All third party payers maintain accurate and consistent data according to the HIPAA, X12, and NCPDP standards and guidelines.

1.4. Acronyms and Definitions

1.4.1. Acronyms

OIT Master Glossary

Term	Definition
AR	Accounts Receivable
ASC	Accredited Standards Committee
BN	Business Need
BRD	Business Requirements Document
CA	Certification and Accreditation
CBO	Chief Business Office
CCD	Continuity of Care Document
CPAC	Consolidated Patient Account Center
EDES	Emergency Department Encounter Summary

Term	Definition
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
eMRA	Electronic Medicare Remittance Advice
ERA	Electronic Remittance Advice
FIPS	Federal Information Processing Standard
FMS	Financial Management System
FSC	Financial Services Center
HHS	Department of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act of 1996
HITSP	Health Information Technology Standards Panel
HL7	Health Level Seven
IB	Integrated Billing
IEC	International Electrochemical Commission
IHE	Integrating the Healthcare Enterprise
IRM	Information Resource Manager
ISO	International Organization for Standardization
IT	Information Technology
LOINC	Logical Observation Identifiers, Names, and Codes
(M) MUMPS	Massachusetts General Hospital Utility Multi-Programming System
MU	Meaningful Use
NCPDP	National Council for Prescription Drug Programs
NIST	National Institute of Standards and Technology
NISTIR	National Institute of Standards and Technology Interagency Report
NSR	New Service Request
NTRT	New Term Rapid Turnaround
OIT	Office of Information and Technology
ONC	Office of the National Coordinator for Health Information Technology
OWNR	Owner Requirement
PNC	Pittsburgh National Corporation
PPACA	Patient Protection and Affordable Care Act
PS	Product Support

Term	Definition
Rx	Prescription
RAEM	Requirements Analysis and Engineering Management
RMR	Requirements Management Repository
SDS	Standard Data Services
SME	Subject Matter Expert
SNOMED CT	Systematized Nomenclature of Medicine Clinical Terms
STS	Standards and Terminology Services
UCD	User Centered Design
UI	User Interface
VA	Department of Veterans Affairs
VAMC	Veterans Administration Medical Center
VETS	VA Enterprise Terminology Services
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network
VistA	Veterans Health Information Systems and Technology Architecture

1.4.2. Definitions

Term	Definition
Exceptions	Any ERA record that cannot be automatically and completely filed into the VistA AR and IB system.
Insurance Company ID	ID associating each transaction with the payer; typically the payer's tax ID number and is not related to any other Payer ID stored in VistA for other purposes.
Matched ERA	An ERA that has been associated with an EFT, a paper check or a zero dollar payment.
PNC Bank	Bank contracted with VA to accept ERA/EFT data from payers.
Emdeon	Third Party Clearing House
Posted ERA	Indicates the AR processing is complete.
Trace Number	Originally the check number on the paper checks, this number is used to re-associate (match) ERAs with EFTs or paper checks.
Unmatched ERA	An ERA that has not yet been associated with an EFT, a paper check or a zero dollar payment; user will always select unmatched when searching for an ERA that should match the paper check received.
Unposted ERA	Indicates the AR processing is not complete; an unposted ERA needs to be processed, closed and posted.
Worklist	List of electronic EOB (EEOB) detail records that were included on a selected ERA. It allows for the creation of a receipt that will post the detail contained in each EEOB against the site's AR and to FMS.
835 Transaction File	Healthcare claim payment advice. FSC prepares and sends it to ePayments application as a flat file.

1.5. References

The following references were used in the development of this RSD:

- **Original Business Requirements Document (BRD):** 20130515 Uniform Use of CARC RARC 835 Rule (Phase 2 Iteration 2) BRD
- **HIPAA**
 - HIPAA: New Transaction Standards (5010, D.0); Department of Health and Human Services 45 CFR Part 162 Health Insurance Reform; Modifications to the HIPAA; Final Rules
[REDACTED]
 - HIPAA: New Code Set [International Classification of Diseases, Tenth Edition (ICD-10)]; HHS Office of the Secretary, 45 Code of Federal Regulations (CFR) Part 162 [CMS–

0013–F] RIN 0958–AN25 HIPAA Administrative Simplification: Modifications to Medical Data Code Set, Standards To Adopt ICD–10–Clinical Modification (CM), and ICD–10–Procedure Coding System (PCS)

- Healthcare Insurance Portability and Accountability Act of 1996 (HIPAA)
- **PPACA (Patient Protection and Affordable Care Act)--"Health Care Reform" House of Representatives (H.R.) 3590, Section 1104--Administrative Simplification, Section 10109--Development of Standards for Financial and Administrative Transactions**
 - Public Law 111–148, The Patient Protection and Affordable Care Act
 - PPACA Compliance, Certification, and Penalties
- **Veterans Administration**
 - VA Handbook 6500 – Information Security Program

2. OVERALL DESCRIPTION

2.1. Accessibility Specifications

The enhancements described in this document will not modify current VistA architecture and has no user interface; and therefore will adhere to current standards required for accessibility.

2.2. Business Rules Specifications

Business rules currently established for the ePayments software will be maintained, no additional parameters/conditions have been specified at this time.

2.3. Design Constraints Specifications

- Modifications to the ePayments processes and to VistA will adhere to all HIPAA standards.
- Modifications to the ePayments processes and to VistA will adhere to all VHA Fiscal Accounting policies and guidelines.

2.4. Disaster Recovery Specifications

There are no disaster recovery requirements specific to this development effort. The affected modules are integrated parts of the overall VistA system that are already covered by disaster-recovery plans, which are not affected by the enhancements described in this RSD.

2.5. Documentation Specifications

Existing user manuals will be updated as necessary to reflect the enhancements described in this document. The following manuals will be evaluated for possible updating:

- IB User Manual
- IB Technical Manual
- AR Technical Manual/Security Guide
- ePayments User Manual (EDI Lockbox)

2.6. Functional Specifications

2.6.1. System Feature: Implement and use CARC/RARC Codes within VistA

2.6.1.1. EDI reports to display CARC data [BRD BN 4.9]

2.6.1.1.1. The EDI LOCKBOX REPORTS MENU [RCDPE EDI LOCKBOX REPORTS MENU] shall contain a new option of CARC CODE PAYER REPORT [RCDPE PAYER CARC CODE PAYER REPORT] to show payers and the CARC codes returned on the 835 forms.

2.6.1.1.1.1. The report shall query the user for the following:

- A. a date range
- B. Payer TIN
- C. Payer name or all
- D. CARC codes or all

2.6.1.1.1.2. The report shall sort by payer name

2.6.1.1.1.3. The report shall provide a summary of the CARC codes that were used for each payer.

2.6.1.2. EDI reports to display RARC data [Requirement 4.10]

2.6.1.2.1. The EDI LOCKBOX REPORTS MENU [RCDPE EDI LOCKBOX REPORTS MENU] shall contain a new option of RARC CODE PAYER REPORT [RCDPE PAYER RARC CODE PAYER REPORT] to show payers and the RARC codes returned on the 835 forms

2.6.1.2.1.1. The report shall query the user for the following:

- A. a date range
- B. Payer TIN
- C. Payer name or all
- D. RARC codes or all

2.6.1.2.1.2. The report shall sort by payer name

2.6.1.2.1.3. The report shall provide a summary of the RARC codes that were used for each payer.

2.7. Graphical User Interface (GUI) Specifications

The enhancements described in this document do not contain any specification for functionality that uses a GUI front end.

2.8. Multi-Divisional Specifications

The enhancements described in this document will preserve the multi-divisional functionality that currently exists.

2.9. Performance Specifications

There are no performance requirements specific to this development effort. The ePayments system is an integrated part of the overall VistA system that exists at each site and is therefore subject to the current performance standards.

2.10. Quality Attributes Specifications

The project team will adhere to the standards set forth in The Department of Veterans Affairs M Programming Standards and Conventions.

2.11. Reliability Specifications

There are no reliability requirements specific to this development effort. The ePayments system is an integrated part of the overall VistA system that exists at each site and is therefore subject to the current reliability standards.

2.12. Scope Integration

The ePayments system currently integrates and will continue to integrate with the following external components.

- FSC
- FMS

2.13. Security Specifications

The enhancements described in this document will adhere to all VA and VHA security and privacy requirements.

2.14. System Features

Refer to the section on Functional Specifications for system feature information.

2.15. Usability Specifications

The enhancements described in this document will have minimal effect on usability, such as the time required for a normal user to learn the system and become productive. Training will be required for both normal and super-users to become productive with the enhancements in these patches; however the training required will not fall outside of the normal training required for an enhancement of this size.

3. APPLICABLE STANDARDS

The following standards are listed in the section of References, which contains additional information for each:

- HIPAA (Health Insurance Portability and Accountability Act of 1996)
- PPACA (Patient Protection and Affordable Care Act)--"Health Care Reform" House of Representatives (H.R.) 3590, Section 1104--Administrative Simplification, Section 10109--Development of Standards for Financial and Administrative Transactions
- The Department of Veterans Affairs M Programming Standards and Conventions

4. INTERFACES

No development of new interfaces or modification of existing interfaces is required to satisfy the enhancements described in this document.

4.1. Communications Interfaces

The Accounts Receivable ePayments module receives 835 Health Care Claims transmissions from the VA's Financial Services Center in Austin, TX using VistA's Mailman software. This existing communication interface will not be affected by the enhancements described in this document.

4.2. Hardware Interfaces

Existing hardware interfaces will not be affected by the enhancements described in this document.

4.3. Software Interfaces

Existing software interfaces will not be affected by the enhancements described in this document. Refer to the section of Scope of Integration for identification of software interfaces.

4.4. User Interfaces

Existing user interfaces will not be affected by the enhancements described in this document.

5. LEGAL, COPYRIGHT, AND OTHER NOTICES

This section is not applicable. The enhancements described in this document do not require notices such as legal disclaimers and copyright notices.

6. PURCHASED COMPONENTS

The enhancements described in this document do not require purchased components.

7. USER CLASS CHARACTERISTICS

Type of User	Description	Responsibilities
Primary Users	AR Technicians (Account Management/Cash Management)	Ensure VHA claims are appropriately adjudicated by third party payers and post those payments in VistA, including amounts that offset veteran copayments
Secondary Users	CBO Business Operations	Measure performance of billing staff in processing claims.
Secondary Users	Veterans Integrated Service Network (VISN) Business Implementation Managers, VA Medical Center (VAMC) Revenue Coordinators/Consolidated Patient Account Center (CPAC) Revenue Coordinators	Oversee billing and collection activities at the VISN, VAMC and CPAC level.
Secondary Users	CBO	Oversee revenue cycle operations, national payer relations and collections.
Secondary Users	VAMC Information Resource Managers (IRMs)	Provide on-site support for VistA system at each medical center.
Secondary Users	Product Support (PS)	Provide national user support.
Secondary Users	PNC Bank	Process all electronic payments.
Secondary Users	Veterans	Receive timely first party statements on recently dispensed prescriptions and medical care.

8. ESTIMATION

The following placeholders for the Function Point Analysis Results Table will be replaced with actual functional point analysis data when that data becomes available.

Table 1 - Function Point Analysis Results Table

Project Software Functional Size and Size-Based Effort and Duration Estimate						
	Application					
ITEM	A	B	C	D	E	TOTAL
Counted Function Points						
Estimated Scope Growth						
Estimated Size at Release						
Size-Based Effort Estimates					Labor Hours	Probability
Low Effort estimate-with indicated probability, project will consume no more than:						
High Effort estimate-with indicated probability, project will consume no more than:						
Size-Based Duration Estimates					Work Days	Probability
Low Duration estimate-with indicated probability, project will consume no more than:						
High Duration estimate- with indicated probability, project will consume no more than:						

Figure 1: Cumulative Probability (“S-curve”) Chart

[Insert Cumulative Probability (“S-curve”) Charts here]

9. APPROVAL SIGNATURES

This section is used to document the approval of the RSD during the Formal Review. The review should be ideally conducted face to face where signatures can be obtained 'live' during the review, however the following forms of approval are acceptable:

- Physical signatures obtained face to face or via fax
- Physical signature obtained in person or via fax
- Digital signature tied cryptographically to the signer
- /es/ in the signature block, provided that a separate digitally signed e-mail indicating the signer's approval is provided and kept with the document

The Chair of the governing Integrated Project Team (IPT), Business Sponsor, IT Program Manager, and the Project Manager are required to sign.

REVIEW DATE: *<date>*

SCRIBE: *<name>*

Signed: _____ Date: _____
< Integrated Project Team (IPT) Chair>

Signed: _____ Date: _____
<Business Sponsor>

Signed: _____ Date: _____
<IT Program Manager>

Signed: _____ Date: _____
<Project Manager>