



Texas Department of Insurance

Division of Workers' Compensation

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Memorandum

To: Medical EDI Compliance Coordinators

From: Teresa Carney, Director for System Monitoring and Oversight

Date: July 31, 2014

Subject: Medical State Reporting of Claim Adjustment Reason Codes (CARC)

Texas Labor Code §413.011(a) requires the Commissioner of Workers' Compensation to adopt the most current reimbursement methodologies, models, and values or weights used by Center for Medicare and Medicaid Services (CMS), including applicable payment policies relating to coding, billing, and reporting, and may modify documentation requirements as necessary to meet the requirements of Section 413.053.

Medicare states that CARCs are required in remittance advice (RA) and coordination of benefits transactions to report payment adjustments, appeal rights, and related information. CMS adopted the CARC codes maintained by the Washington Publishing Company and can be found at <http://www.wpc-edi.com/reference>.

Effective July 1, 2014, CARC codes beginning with "W" were deactivated and instructions were provided with a crosswalk indicating the applicable 'P' code to use. See <http://www.wpc-edi.com/reference> for more information.

Nonetheless, 28 Texas Administrative Code §134.804(a) provides that subsequent payment actions must contain a service adjustment reason code of 'W3' when a payment is made following a request for reconsideration or appeal and the service adjustment amount associated with this code value may be populated with zero. The Texas-specific CARC W3 is still an active service adjustment code.

If you have any questions regarding this memo, contact EDI Support Services at edisupport@tdi.texas.gov.