



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: May 19, 2017

MHSUDS INFORMATION NOTICE NO.: 17-020

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: SHORT-DOYLE MEDI-CAL (SD/MC) CLAIM ADJUSTMENT  
REASON CODE AND REMITTANCE ADVICE REMARK CODE FOR  
THE DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM

SUPERSEDES: [MHSUDS Information Notice 17-005](#)

REFERENCE: ADMINISTRATIVE SIMPLIFICATION: ADOPTION OF STANDARDS  
FOR HEALTH CARE ELECTRONIC FUNDS TRANSFERS AND  
REMITTANCE ADVICE (45 CFR PART 162)

**PURPOSE:**

The purpose of this Information Notice is to provide updates to the adjustment codes for denied claims reported on claim payment/advice transactions (835) from the Short Doyle Medi-Cal system for the new Drug Medi-Cal Organized Delivery System (DMC ODS).

This Information Notice is not the quarterly update of the federally mandated Committee on Operating Rules for Information Exchange (CORE) Rule 360. It is meant to notify trading partners of the additional Claim Adjustment Reason Codes (CARC) and the Remittance Advice Remark Codes (RARC) that have been implemented in the Short-Doyle II System as a result of the addition of new services under the DMC ODS.

MHSUDS INFORMATION NOTICE NO.: 17-020  
May 19, 2017  
Page 2

Under the DMC ODS, there are several new business rules that will result in a claim denial. The additional CARC and the RARC specific to these changes are included in the enclosure to this notice. These new codes do not replace or remove any of the requirements for compliance under the CORE Rule 360, which is federally mandated as part of the Affordable Care Act and was implemented on August 23, 2016.

The Phase III Core 360 Uniform Use of CARCs and RARCs Rule establishes data content rule requirements for conducting the v5010 x12 835 transaction. To reduce confusion in the healthcare industry due to non-uniform use of codes, CORE determined that operating rules would be required for the consistent and uniform use of CARCs and RARCs.

Additionally, the enclosure provides a list of Same Day Billing denials that are specific to the DMC ODS. All of the Same Day Billing denials will use the current CARC and RARC for multiple billing (CO 96 M80).

Questions related to Substance Use Disorders or regarding the content of this Information Notice or its enclosure may be directed to your assigned Fiscal Management and Accountability Branch analyst.

Sincerely,

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services

Enclosure