

Important Update for “Lesser-Of” Payment Method for Claims with Other Insurance

Effective **August 29, 2026**, pricing for Professional, Dental and Institutional claims that include Medicare/Other Insurance (OI) will follow updated “lesser-of” payment logic. The calculations depend on whether OI is reported at the **header level** or **line level**.

Institutional Claims – Medicare/OI Reported at the Header Level

For Institutional claims with Medicare/Other Insurance (OI) reported on the claim header, the system will pay the **lesser** of the following three amounts:

1. **Submitted Charges minus OI Paid Amount** (*includes Sum of CARCs from CLMPRC0281 with group code CO*) **minus Sum of CARCs from CLMPRC0279 with group code CO**
2. **Medicaid Allowed Amount minus OI Paid Amount** (*includes Sum of CARCs from CLMPRC0281 with group code CO*)
- OI Patient Responsibility** (*Sum of CARCs 1, 2, 3 and Sum of CARCs from group CLMPRC0285 with group code PR*)

Professional, Dental and Institutional Claims – Medicare/OI Reported at the Line Level

For Professional, Dental and Institutional claims with Medicare/Other Insurance (OI) reported on the claim line, the system will pay the **lesser** of the following three amounts:

1. **Line Submitted Charges minus Line OI Paid Amount** (*includes Sum of Line CARCs from CLMPRC0281 with group code CO*) **minus Sum of Line CARCs from CLMPRC0279 with group code CO**
2. **Line Medicaid Allowed Amount minus Line OI Paid Amount** (*includes Sum of CARCs from CLMPRC0281 with group code CO*)
3. **Line OI Patient Responsibility** (*Sum of Line CARCs 1, 2, 3 and Sum of Line CARCs from group CLMPRC0285 with group code PR*)

Note: CARCs Included in Group CLMPRC0285

Currently, Medicaid includes **CARCs 1, 2, and 3** with group code PR when calculating pricing. Beginning **August 29, 2026**, the following CARC codes with group code PR will be included in pricing group CLMPRC0285:

- **CARC 96** — Non-covered charge(s). A remark code must also be provided (NCPDP Reject Reason Code or Remittance Advice Remark Code, excluding ALERT codes).
- **CARC 119** — Benefit maximum for this time period or occurrence has been reached.
- **CARC 204** — Service/equipment/drug is not covered under the patient's current benefit plan.