Preferred Adjustment Reason Codes in order of priority
Used when Paid Amount is Less than Billed Amount

23 The impact of prior payer(s) adjudication including payments and/or adjustments. (This is used when your payment was reduced due to TPR or Medicare payments.)

24 Charges are covered under a capitation agreement / managed care plan (Used when the entire MCO responsibility or in part is covered under a sub-capitation agreement)

104 Managed Care Withholding (Used when a portion of the MCO Responsibility is withheld under a withhold/risk sharing agreement)

144 Incentive Adjustment e.g. preferred product / service (Used when there are claims level provider incentive payments)

161 Provider Performance bonus (Used when there are claims level provider bonus payments)

45 Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement (Use Group Code PR or CO depending upon liability.) (Used in the first position only when the full allowed amount is paid and there are no deductions.)

GROUP CODES

- CO – Contractual Obligation (Financially Liable)
- CR – Corrections and Reversals (No Financial Liability)
- OA – Other Adjustments (No Financial Liability)
- PI – Payer Initiated Reductions (Rejected Liability)
- PR – Patient Responsibility (Patient is Financially Liable)

Please refer to the Washington Publishing Company website for a list of Claim Adjustment Reason Codes (CARC) as well as Remittance Advice Remark Codes (RARC)