Reading a Remittance Advice

The one rule to keep on the wall: **CO means write it off and never bill the client. PR means you can bill the client.**

Billed amount → Allowed amount − Write-off (CO) = Patient responsibility (PR) + Plan paid

Remittance advice (RA)
The payer's document to you, the provider, showing how a claim was processed and what you will be paid.

ERA (835)
The electronic version of the RA that your billing system reads.

Explanation of benefits (EOB)
The client's copy of the same information, marked "this is not a bill."

Billed amount
What you charged for the service.

Allowed amount
The most the plan recognizes for a service. In network, your contracted rate.

Contractual adjustment (write-off)
Billed minus allowed. In network, you absorb it and cannot bill the client.

Deductible
What the client pays before the plan starts paying. Usually resets in January.

Copay
A flat per-visit amount the client owes.

Coinsurance
A percentage of the allowed amount the client owes after the deductible.

Out-of-pocket maximum
The yearly ceiling on the client's cost sharing. After it, the plan pays 100 percent.

Paid amount
What the plan actually paid you.

Patient responsibility
The client's share: deductible, copay, coinsurance, and anything not covered.

CO (contractual obligation)
Group code: you write it off. Do not bill the client.

PR (patient responsibility)
Group code: you can bill the client.

CARC
Claim adjustment reason code. Common: PR-1 deductible, PR-2 coinsurance, PR-3 copay, CO-45 exceeds allowed.

RARC
Remittance advice remark code, extra detail that usually explains a denial.

CPT code
The procedure code for the service, such as 90837 or 90834.

Superbill
An itemized receipt you give out-of-network clients to submit for reimbursement.

In-network / out-of-network
Whether you hold a contract with the plan. Sets the allowed amount and write-off rules.

EFT
Electronic funds transfer. The RA lists the EFT or check number for your deposit.