

n05673

Sequestration Policy – Medicare Advantage*Values*

Accountability • Integrity • Service Excellence • Innovation • Collaboration

Abstract Purpose:

This reimbursement policy outlines Network Health’s process, for the Medicare Advantage line of business, regarding the implementation of sequestration, as defined by the Centers for Medicare and Medicaid (CMS).

Policy Detail:

- I. Effective with dates of discharge on or after April 1, 2013, through April 30, 2020, the Centers for Medicare and Medicaid (CMS) announced a two percent (2%) reduction in Medicare claims payment. This reduction applies to physician, facility, ancillary and all other reimbursement for Network Health’s Medicare Advantage membership.
- II. This reduction is applied after the claims adjudication system has determined member cost share, i.e., deductible, coinsurance, and copay amount as well as any coordination of benefit amounts.
- III. Claims Adjustment Reason Code (CARC) “253/Sequestration-reduction in federal payment” will be added to each claim line indicating sequestration was applied.
- IV. Effective with dates of service May 1, 2020, through March 31, 2022, the two percent (2%) reduction in Medicare claims payment will be waived per Section 3709 of the Coronavirus Aid, Relief and Economic Security (CARES) Act.
- V. Effective with dates of service April 1, 2022, through June 30, 2022, the payment reduction shall be increased to one percent (1%).
- VI. Effective with date of service July 1, 2022, the payment reduction shall be increased to two percent (2%) until otherwise updated.

Regulatory Citations:

Section 3709 of the CARES Act

Origination Date: 4/14/2021**Update Date: 5/24/2024****Next Review Date: 5/24/2025**