

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 & Medicaid (CMS).

Policy Detail:

- I. Effective with dates of service or discharge on or after April 1, 2013, through April 30, 2020, the Centers for Medicare & 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: 6/2/2026****Next Review Date: 6/2/2027**