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MEMORANDUM

TO: RHCF and Community Services Members

FROM: Patrick Cucinelli, Senior Director of Public Policy Solutions

DATE: March 11, 2013

SUBJECT: **Sequestration Medicare Payment Reductions**

ROUTE TO: Administrator, CFO, Billing Director

Abstract: NGS issues notice on 2 percent across-the-board payment reduction.

Based on [CMS Article PE201303-02](#), National Government Services (NGS) has released a "Sequestration" notice to all health care professionals, providers and suppliers.

The NGS notice reads as follows:

The Budget Control Act of 2011 requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. The American Taxpayer Relief Act of 2012 postponed sequestration for two (2) months. As required by law, President Obama issued a sequestration order on March 1, 2013. The Administration continues to urge Congress to take prompt action to address the current budget uncertainty and the economic hardships imposed by sequestration. This Listserv message is directed at the Medicare Fee-for-Service (FFS) program (i.e., Part A and Part B). In general, Medicare FFS claims with dates-of-service or dates-of-discharge on or after April 1, 2013, will incur a two (2) percent reduction in Medicare payment. Claims for durable medical equipment (DME), prosthetics, orthotics, and supplies, including claims under the DME Competitive Bidding Program, will be reduced by two (2) percent based upon whether the date-of-service, or the start date for rental equipment or multi-day supplies, is on or after April 1, 2013.

The claims payment adjustment shall be applied to all claims after determining coinsurance, any applicable deductible, and any applicable Medicare Secondary Payment adjustments.

Though beneficiary payments for deductibles and coinsurance are not subject to the two (2) percent payment reduction, Medicare's payment to beneficiaries for unassigned claims is subject to the two (2) percent reduction. The Centers for Medicare & Medicaid Services encourages Medicare physicians, practitioners, and suppliers who bill claims on an unassigned basis to discuss with beneficiaries the impact of sequestration on Medicare's reimbursement.

Questions about reimbursement should be directed to your Medicare claims administration contractor. As indicated above, we are hopeful that Congress will take action to eliminate the mandatory payment reductions.

As noted in this message, there is a possibility that ongoing talks between Congress and the White House could produce some compromise that would lessen the impact of the federal funding reductions. It is critical that our grassroots advocacy efforts on this issue continue – [contact Congress now](#).

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