Empire BlueCross BlueShield

Medicare Advantage Sequestration Cuts Effective July 1

The Centers for Medicare & Medicaid Services has issued initial guidance for implementing sequestration cuts. These cuts include a reduction of two percent (2%) to provider payments under the Original Medicare program as well as a reduction of two percent (2%) to Medicare Advantage (MA) plan premiums. The cuts are a result of the Budget Control Act of 2011, which directed that federal spending be reduced by $2.1 trillion over 10 years.

As previously communicated, all providers who provide items and services to Empire BlueCross BlueShield (Empire) Medicare Advantage members and who are reimbursed based on the Medicare reimbursement methodology or the Medicare-allowable rate (e.g., RBRVS, DRG, APC, etc.) will be subject to the same sequestration reduction for the same items and services as is being applied by CMS in Original Medicare. This includes providers who are reimbursed using a Medicare fee schedule.

CMS implemented the Medicare reimbursement reductions on April 1, 2013. Empire will apply the reduction to reimbursement starting July 1, 2013, based on date of service. Empire will apply the same or similar methodology to achieve the discount to providers who are paid on a Medicare allowable basis as are being applied by CMS in the original Medicare FFS program. The reductions will be reflected in the total allowed amount on your remittance and will not be displayed separately.

The sequestration reduction will continue only so long as applied by CMS.

If you have any questions, please contact your network representative.

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