

# Sequestration Payment Policy

## Policy

Pursuant to the The Budget Control Act of 2011 (Pub.L. **112–25**, S. 365., 125 Stat. 240, enacted August 2, 2011), Fallon Health (the Plan) will institute sequestration reductions for fee-for-service claim reimbursement for the following products:

- Fallon Medicare Plus Plan's

These reductions will take effect for claims with dates of service beginning on March 1, 2019.

## Definitions

On March 22, 2013, the Centers for Medicare & Medicaid Services (CMS) released a memorandum notifying Medicare Advantage Organizations (MAOs), Part D plans, and other programs (including Managed Care Organizations) that, beginning April 1, 2013, payments made to MAOs, Part D sponsors, and other programs will generally be reduced by two percent (2%) in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended. This process of payment reduction is referred to as sequestration. Sequestration, as it relates to Medicare Advantage fee-for-service programs is the reduction in reimbursement at the percentage established by the CMS. Sequestration will apply to providers whose reimbursement is based on 100% or greater than current Medicare allowable payment methodology, e.g., Diagnosis Related Groups (DRG), Prospective Payment System (PPS), Physician Fee Schedule, etc.

## Reimbursement

The current percentage reduction is 2% as established by CMS. This value is subject to change by CMS. Any change in this percentage per CMS will be applied accordingly. The 2% reduction will be applied to final payment after determining coinsurance, any applicable deductible, and any applicable Medicare Secondary Payment adjustments.

## Place of service

This policy applies to services rendered in all settings.

## Policy history

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|----------------------------|---|
| Origination date:          | March 1, 2019   |
| Connection date & details: | January 2019 – Introduced as a new policy.<br>January 2020 - Annual review, no updates. |

*The criteria listed above apply to Fallon Health plan and its subsidiaries. This payment policy has been developed to provide information regarding general billing, coding, and documentation guidelines for the Plan. Even though this payment policy may indicate that a particular service or supply is considered covered, specific provider contract terms and/or member individual benefit plans may apply and this policy is not a guarantee of payment. The Plan reserves the right to apply this payment policy to all of the Plan companies and subsidiaries. The Plan routinely verifies that charges billed are in accordance with the guidelines stated in this payment policy and are appropriately documented in the medical records. Payments are subject to post-payment audits and retraction of overpayments.*