PROVIDER QUICK TIPS

#170

Medicare Sequestration Payment Reductions on All Claims Media Fee-for-Service (FFS) Claims (revised April 22, 2014)

On April 1, 2013, The Centers for Medicare and Medicaid Services (CMS) imposed a mandatory two percent payment reduction in the Medicare FFS Program – also known as "Sequestration." This Medicare payment reduction will remain in place until Congress takes action to eliminate it. This Provider Quick Tip (QT) provides direction with respect to Sequestration, when billing Medicare FFS crossover claims, including Durable Medical Equipment (DME) Prosthetics, Orthotics, and Supplies (DMEPOS) with dates-of-service (DOS) on or after April 1, 2013.

The Department of Public Welfare (the department) recognizes that CMS has identified several initiatives which include a payment reduction element. However, this QT addresses only the Sequestration payment reductions for Professional and Outpatient claims.

Sequestration reductions were formerly reflected on the Medicare EOMB as Claim Adjustment Reason Code (CARC) number 223. However on June 3, 2013, CMS alerted all interested parties that beginning January 6, 2014, the **CARC 253** - (*Sequestration - Reduction in Federal Spending*) **is to be used to represent the Sequestration** reduction **instead** of CARC 223. For additional information regarding this change go to www.cms.gov and search for Change Request (CR) 8378. The applicable CARC is to be consistently reported on all claims media.

To help ensure that claims are paid accurately and promptly, it is essential that providers carefully adhere to the department's instructions across differing claims media *(i.e. electronic, online and paper)* as the billing and reporting requirements for each claims transmission format will differ. Submission instructions are included below and are summarized in Table 1 - Reference Chart for Billing Sequestration Crossover Claims on page 2.

Medicare applies the Sequestration claims payment adjustment to claims after coinsurance, applicable deductible, and any Medicare secondary payment adjustments are determined and applied. In recognition of this Medicare reduction, the department first issued QT #161 on November 18, 2013. QT #161 addressed the department's changes to the Medical Assistance 539 form (*the CMS 1500 attachment*), related to Professional claims billing using a paper CMS 1500.

Providers **submitting a paper crossover claim on the UB04 claim form** are to *use* **Value Code 73** (*Sequestration adjustment amount)* to report the Sequestration Reduction along with the corresponding Medicare Sequestration Reduction amount.
When billing **Electronically** or via the **Internet** the appropriate **CARC number 223 or 253,** as reflected on your Medicare EOMB is to be listed once for every applicable detail along with the corresponding Medicare Sequestration Reduction amount.

In support of the new billing directions above related to Sequestration, the department is implementing new edits; represented in Table 2 - New Sequestration Related Edits on page 2. Providers will see these on claims shortly after this QT is released. Edit 830 was established to identify crossover details (*claim lines*) with a Sequestration CARC or Value Code (as appropriate) when present. The other Edits 829, 831, 832, 833 and 834 will identify specific instances when the billing directions identified above have not been followed.

Effective March 3, 2014, the department will deny applicable new-day crossover claims, both Professional and Outpatient, failing to properly reflect Sequestration Payment Reductions. Also, all applicable crossover claims issued with DOS on or after April 1, 2013, will be subject to department-initiated, retroactive claim adjustment efforts.

Lastly, providers are reminded that any retroactive adjustments made to claims may result in changes to former payment amounts, due to new claims processing rules implemented in coordination with this QT.

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TABLE 1 - REFERENCE CHART FOR BILLING SEQUESTRATION CROSSOVER CLAIMS

MEDIA FORMAT	CMS 1500 PAPER CLAIM	UB04 PAPER CLAIM	ELECTRONIC/INTERNET
CLAIM TYPE	PROFESSIONAL CROSSOVER	OUTPATIENT CROSSOVER	OUTPATIENT/PROFESSIONAL CROSSOVER
MANDATORY SEQUESTRATION REDUCTION ID METHOD	ATTACH THE MA 539 (CMS 1500 MEDICARE ATTACHMENT FORM) CARC 223 OR CARC 253 FOR ADDITIONAL GUIDANCE SEE QT #161	VALUE CODE 73 with corresponding reduction amount FORM LOCATOR 39 - 41	CARC 223 OR CARC 253 with corresponding reduction amount ENTER ON THE SERVICE ADJUSTMENTS FOR SERVICE LINE

TABLE 2 - NEW SEQUESTRATION RELATED EDITS

EDIT	DESCRIPTION
EDIT 829	SEQUESTRATION CARC REQ DOS ON OR AFTER 4/1/13
EDIT 830	SEQUESTRATION CARC REPORTED ON THE CLAIM LINE
EDIT 831	MULTI SEQUESTRATION CARCS REPORTED ON CLAIM LINE
EDIT 832	SEQUESTRATION CARC/VALUE CODE AMT MAY NOT BE $0
EDIT 833	SAME SEQUESTRATION CARC USED > THAN 1TIME ON CLAIM LN
EDIT 834	MED B DEDUCTIBLE ONLY DETAIL CONTAINS SEQUES CARC

Check the department's website often at: www.dpw.state.pa.us/
Thank you for your service to our MA recipients.
We value your participation.

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