

PROVIDER QUICK POINTS

PROVIDER INFORMATION



May 22, 2014

Update: Sequestration and impacts to processing of claims for services under Medicare programs

The information in this Quick Points is an update to a previous Provider Bulletin entitled "Sequestration and impacts to processing of claims for services under Medicare programs" that was published on May 8, 2013.

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 Medicare Cost Plans and Managed Care Organizations) that beginning April 1, 2013, payments to MAOs, Cost Plans and Part D sponsors, and other sponsors will generally be reduced by two percent 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.

Blue Cross and Blue Shield of Minnesota and Blue Plus (Blue Cross) provides services to Medicare beneficiaries under Medicare programs offered as SecureBlueSM (MSHO), Platinum BlueSM (Cost) and Blue Essentials (HMO-POS). The purpose of this Bulletin is to provide information regarding claims processing for Blue Cross Medicare programs.

What is changing?

In accordance with implementation of the two percent payment reduction under sequestration applicable to Medicare fee-for-service, claims for health services under Blue Cross Medicare programs will be processed according to the subscriber's benefit plan. After the applicable coinsurance and deductible amounts have been applied, a two percent reduction on the paid amount will apply. There will be no change to the subscriber's liability for coinsurance. Providers cannot offset coinsurance or subscriber liability in an attempt to recoup lower payments due to sequestration.

Withhold

In connection with the sequestration Blue Cross will begin to withhold the two percent payment reduction on Medicare programs claims processed after June 6, 2014.

Recoupment

The recovery of the two percent payment reduction will be retroactive on Medicare programs claims processed with dates of service October 1, 2013, and after. We will only be targeting those claims where we made a net payment of \$100.00 or greater.

You will be able to identify these claims on your electronic 835 remittance advice or by using Availity's easy to read remittance viewer. The Claim Adjustment Reason Code of 253 (Sequestration – reduction in federal payment) will be sent to identify this payment reduction. Claims adjustments are scheduled to begin the week of June 16, 2014.

Where can providers view their 835 remittance advice?

View your electronic remittance advice by going to Availity's Remittance Viewer. To register for access to the Availity Web Portal, go to **Availity.com** and click on the 'Get Started' button on the top left of the home page. For more information on viewing the electronic remittance advice:

https://apps.availity.com/availity/Demos/RemittanceSolutions/QRG_WP_PR_BCBSMN_RemittanceViewer.pdf

The sequestration impacts:

- Platinum Blue – Medicare processes first for Part A claims only; then claims crossover to Blue Cross. For most Medicare Part B services Blue Cross is primary; however, physical therapy, occupational therapy and speech therapy services are submitted to Medicare primary.
- Blue Essentials – Blue Plus is primary for both Part A and Part B services.
- Secure Blue – Blue Plus is primary for both Medicare and Medicaid qualified services.

Note: Secondary crossover claims are not subject to the two percent payment reduction.

Questions?

If you have questions, please contact provider services at **(651) 662-5200** or **1-800-262-0820**.