

## Part B Insider (Multispecialty) Coding Alert

### Physician Notes: What Ever Happened to 'Sequestration' Cuts?

**Plus: CMS creates proposal for new medication injection payments.**

Do you remember back in 2013 when CMS instituted "sequestration cuts," which slashed Medicare pay by two percent? If you're wondering what ever happened to that, the answer may be a little bit frustrating because the cuts are still in place.

CMS reminded practices of this fact in its March 3 "MLN Connects Provider e-News" bulletin, which noted that the two percent payment reduction will stay in place for the foreseeable future.

"The claims payment adjustment will continue to be applied to all claims after determining coinsurance, any applicable deductible, and any applicable Medicare Secondary Payment adjustments," CMS said in the notification. "Though beneficiary payments for deductibles and coinsurance are not subject to the two percent payment reduction, Medicare's payment to beneficiaries for unassigned claims is subject to the two percent reduction."

Keep an eye on the Insider for updates if CMS decides to rescind or change the sequestration cuts in the future. To read more from the MLN Matters update, visit

[www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg/Provider-Partnership-Email-Archive-Items/2016-03-03-Enews.html#\\_Toc444672557](http://www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg/Provider-Partnership-Email-Archive-Items/2016-03-03-Enews.html#_Toc444672557).

#### **In other news...**

In its ongoing effort to pay physicians based on quality of care and to cut costs, CMS has released a proposal to overhaul the way physicians are paid to administer drugs. The agency has offered six proposed approaches to pay for Part B drugs, including one that would reimburse doctors for the average sales price of a drug, plus a 2.5 percent add-on, as well as a flat fee payment of \$16.80 per drug per day. Meanwhile, a "control group" would continue to be paid the current way, which is to collect the drug's average sales price plus a six percent add-on.

CMS would then compare the control group to the study group to determine whether the study group saw reduced Medicare spending and improved patient care. "These models would test how to improve Medicare beneficiaries' care by aligning incentives to reward value and the most successful patient outcomes," said CMS's **Dr. Patrick Conway** in a March 8 statement. "The choice of medications for beneficiaries should be driven by the best available evidence, the unique needs of the patient, and what best promotes high quality care."

The proposal came on the heels of a strongly-worded March 4 letter from over 100 physician advocacy groups to CMS and HHS, urging the agencies to halt the drug proposal. The groups cited CMS' recent rush-through of the Medicare hip and knee replacement model as the wrong way to create proposals, and urged the agencies not to make the same mistakes with drug payments. "We strongly oppose any effort to rush through a similar initiative that may adversely impact patients' access to life-saving and life-changing Medicare Part B covered drugs," said the letter, which was signed by groups including the American College of Rheumatology, CancerCare, RetireSafe, and many other organizations.

**Resource:** To read more about the proposal, visit

[www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-03-08.html](http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-03-08.html).

