

Part B Insider (Multispecialty) Coding Alert

Reader Question: Showing Two Percent Cut on Invoice Is Your Choice

Question: Now that the Medicare remittance is clearly tracking CO-223 for sequestration mandate reductions, would you recommend showing the reduction on the patient's billing invoice?

Answer: As you know, the government issued a sequestration order on March 1 requiring across-the-board reductions in Federal spending. Because of this, Medicare claims with service dates or discharge dates that fall on or after April 1, 2013, are incurring a two percent pay reduction.

You find payers using claim adjustment reason code CO-223 (Adjustment code for mandated Federal, State or local law/regulation that is not already covered by another code and is mandated before a new code can be created) to report the sequestration reduction on remittance notices.

How or if you inform the patient about the reduction, is up to your individual practice. "There is no regulation to indicate that you have to show the sequester reductions, but it is not a bad idea from a public relations perspective so that the practice patients see how the sequester is affecting their physicians," says **Barbara J. Cobuzzi, MBA, CPC, CENTC, CPCH, CPCP, CPC-I, CHCC**, president of CRN Healthcare Solutions, a consulting firm in Tinton Falls, N.J.

Remember: As a reminder, CMS will not allow providers to pass the two percent reduction to the patient.

As the law is currently written, sequestration is scheduled to last through Fiscal Year 2021. However, it is possible that Congress and the Administration could reach a budget agreement that will end or modify the sequestration provisions. Until the sequestration provisions are modified or eliminated, health care providers should prepare for a two percent reduction for Medicare-covered services and prepare for additional guidance on Medicare and how this reduction will be implemented.