

Part B Insider (Multispecialty) Coding Alert

Sequester Cuts: Medicare Advantage Taking A 2 Percent Bite? Bite Back

Unless your contracts specifically allow your MAO to pass on its two percent cuts to you, appeal.

You knew there would be cuts to your Part B payments on April 1 due to Medicare's two percent sequestration cuts—but perhaps you didn't expect Medicare Advantage to also jump on the pay-cutting bandwagon and similarly slash your payments. And, it turns out, they probably shouldn't be cutting your pay at all, CMS says in a surprising new memorandum that actually reminds Medicare Advantage payers to stop taking two percent out of practices' checks.

Although Medicare Advantage has been hit with the sequestration cut that impacted Part B payments on April 1, Medicare Advantage must still honor the contracts it has with practices, says Cheri Rice, director of CMS's Medicare Plan Payment Group, in a May 1 memorandum to Medicare Advantage Organizations (MAOs).

"MAOs are not permitted to modify the currently-approved benefit or cost sharing structure in any way," Rice says in the memo. "This includes increases in premiums or cost sharing, or reductions in benefits in an attempt to offset the lower payments due to sequestration."

The caveat: If you bill Medicare Advantage but you aren't contracted with the plan, then sequestration cuts will apply, Rice adds. "A non-contract provider must accept, as payment in full, the amount that it could collect if the beneficiary were enrolled in the Medicare Fee-for-Service program," the letter states. Since Medicare Fee-for-Service is subject to the two percent cuts, so too will be Medicare Advantage payments to non-contracted practices.

If You See MAO Cuts: If you've noticed that your Medicare Advantage payer has been cutting your pay by two percent since April 1, double-check your contract to determine whether they are allowed to do so. If your contract does not include verbiage that lets the program pass on the cuts to you, then you should appeal your claim reductions to your Medicare Advantage payer.

Resource: The American Medical Association has posted CMS's letter its website at www.ama-assn.org/resources/doc/washington/cms-medicare-sequester-guidance-01may2013.pdf.