



PROVIDER QUICK TIPS

#257

Medicare Sequestration Payment Reductions on All Claims Media Fee-for-Service (FFS) Claims Reinstated

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.”

Medicare applies the Sequestration claims payment adjustment to claims after coinsurance, applicable deductible, and any Medicare secondary payment adjustments have been determined and applied. In recognition of the reinstatement of this Medicare reduction, the Department of Human Services (the department) is taking steps to implement system changes to account for the reduction on all claims media (i.e., electronic, online, and paper) as part of the department’s payment determination. After system changes are implemented, the department will systematically adjust paid claims subject to the Sequestration Reduction to appropriately correct claim pricing with respect to the Medicare reduction amount for any claims not reflecting the reduction.

This payment reduction was temporarily waived in response to the COVID-19 Public Health Emergency but will be gradually reinstated in 2022.

Beginning **04/01/2022** through **06/30/2022**, the sequestration amount deducted from claims will be 1%.

On **07/01/2022** and until Congress takes action to waive or eliminate it, the sequestration amount deducted from claims will be 2%.

Refer to Quick Tip [#161](#) and Quick Tip [#170](#) for clarification on billing and reporting requirements.

Thank you for your service to our MA recipients.
We value your participation.
Check the Department’s website often at: www.dhs.pa.gov.

