Anthem Blue Cross and Blue Shield

Medicare Advantage and Sequestration

On Aug. 2, 2011, the Budget Control Act of 2011 was signed into law, which directed that federal spending be reduced by $2.1 trillion over 10 years. Absent action to enact legislation to achieve these savings objectives or otherwise modify the Budget Control Act of 2011, specified budget cuts went into effect March 1. These cuts, known as sequestration, include a reduction of two percent (2%) to payments under the Medicare program, including Medicare Advantage (MA) plans. The Centers for Medicare & Medicaid Services (CMS) will implement the Medicare reimbursement reductions on April 1, but has not yet issued its guidance as to how the cuts will be implemented.

All providers who provide items and services to Anthem Blue Cross Blue Shield MA members and who are reimbursed based on the Medicare reimbursement methodology or the Medicare-allowable rate (e.g., RBRVS, DRG, APC, etc.), including providers who are reimbursed using a Medicare fee schedule, will be subject to the same sequestration reduction applied by CMS for the same items and services. The sequestration reduction will become effective as of the date such reduction is implemented by CMS and will continue only so long as applied by CMS.

We will provide more information on the impact and method of administrating sequestration as it becomes available.

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