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MEMORANDUM

To: Chief Financial Officers

From: Katie Wunderlich^{M.D.}, Executive Director

Date: January 16, 2019

Re: Sequestration – Medicare Advantage Organizations Reimbursement

At its January 9, 2019 public meeting, the Health Services Cost Review Commission adopted a formal policy effective January 1, 2019, that permits Medicare Advantage Organizations (MAOs) to take a two percent sequestration reduction on the final payments due to Maryland Hospitals for MAO beneficiaries so long as the sequestration continues in effect. Please note that this reduction applies to out-of-state MAOs as well as per State and federal law and regulation.

MAOs shall apply the sequestration payment reductions at the final payment level after all other edits, rules, and adjustments have been applied, consistent with how Medicare applies the reduction. Sequestration payment reductions may be taken on claims with discharge dates and outpatient service dates on and after January 1, 2019.

If you have any questions, you may contact Dennis N. Phelps, Associate Director, Audit & Compliance at 410-764-2565.