



**PROVIDER REIMBURSEMENT GUIDANCE**  
**Sequestration Payment Policy**

<b>Original Date Approved</b>	<b>Effective Date SCO/ICO</b>	<b>Effective Date MAPD*</b>	<b>Revision Date</b>
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04/06/2026

06/10/2026

**Scope:** Commonwealth Care Alliance (CCA) Product Lines

- Senior Care Options (FIDE SNP)
- One Care (FIDE SNP)

**A. Purpose**

The purpose of this policy is to clarify the application of federal Medicare sequestration to CCA provider payments. In accordance with CMS Medicare reimbursement, CCA reduces payments to providers in proportion to any sequestration reduction in Medicare payments or any similar applicable across-the-board federal or state payment reductions.

**B. Scope**

This policy applies to:

- i) Applicable Product Lines: CCA Senior Care Options (SCO) and One Care plans.
- ii) All Providers: In-network and out-of-network providers, facilities, and practitioners.
- iii) Impacted Claims:
  - (1) All payments for claims for Medicare-covered services will have Medicare sequestration applied.
  - (2) All payments for claims for Medicaid-covered services will be reduced in the event of a state reduction in Medicaid payments.

**C. Policy Requirements**

- i) Medicare Sequestration Reduction: CCA applies a sequestration reduction to the final calculated payment amount for applicable claims in accordance with the then-current federally established percentage, as specified by the Centers for Medicare & Medicaid Services (CMS).
- ii) Medicare sequestration is applied to payments for claims for Medicare benefits regardless of pricing schedule and methodology. This includes but is not limited to payments for Medicare benefits priced based on a Medicaid rate schedule or based on methodologies other than a percentage of fee-for-service (e.g., per diem or other fixed rates).



- iii) Similar Federal or State Reductions: CCA will apply similar across-the-board federal reductions or state reductions to Medicaid payments in proportion to the applicable percentage reduction to the federal/state funds received by CCA.
- iv) Member Liability: Providers are strictly prohibited from "balance billing" the member for the Medicare sequestration reduction and/or other state or federal reductions. The sequestration or reduction amount is considered a non-reimbursable reduction in the provider's payment.

#### **D. Compliance and Enforcement**

- i) Remittance Advice (RA): The sequestration reduction is clearly identified on the Provider Remittance Advice with the appropriate Claim Adjustment Reason Code (CARC CO-253: Sequestration - reduction in federal payment).
- ii) Claims Review: CCA reserves the right to review claims to ensure that the Medicare sequestration adjustment and/or any other across the board state or federal reduction has been correctly applied and that no dual-eligible member has been billed for the difference.

#### **DISCLAIMER:**

The use of this policy is neither a guarantee of payment nor a final prediction of how specific claim(s) will be adjudicated. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization, utilization management guidelines, and adherence to plan policies, procedures and claims editing logic. CCA has the right to conduct claims reviews on any provider to ensure accuracy and compliance with the guidelines stated in this payment policy. If a claims review determines that payments have been made inconsistent with this policy, CCA shall have the right to recover all such payments. CCA reserves the right to amend this policy at its discretion, to be binding on providers.

#### **Regulatory References**

The Budget Control Act of 2011 (P.L. 112-25): Established the original mandate for sequestration.

Social Security Act §1848(a): Relating to payment for physician services and federal budgetary adjustments.

The Protecting Medicare and American Farmers from Sequester Cuts Act: Updated the timeline and percentages for sequestration reinstatement.

CMS Medicare Claims Processing Manual, Chapter 1: General Billing Requirements for sequestration application.