Revised: Blue Cross and BCN announce temporary sequestration relief and DRG enhancement for Medicare Advantage providers treating COVID-19 patients

The information in this alert has been revised to reflect that these change impact both network and non-network providers.

In accordance with our provider agreements and changes to Original Medicare payments under the federal CARES Act, Blue Cross Blue Shield of Michigan and Blue Care Network are implementing temporary sequestration relief and DRG enhancement for Medicare Advantage providers, including network and non-network providers. Both of these changes will be implemented by Blue Cross and BCN as noted below.

These changes will offer financial relief to health care providers during the COVID-19 pandemic and apply to services provided to members with Medicare Plus Blue℠ PPO and BCN Advantage℠ coverage. Here’s what you need to know.

1. Temporary Sequestration relief

   Background:
   In accordance with the terms of Blue Cross and BCN Medicare Advantage provider agreements that pay according to Original Medicare methodologies, 2% sequestration reimbursement reductions have been in place for Blue Cross and BCN Medicare Advantage professional and facility providers since 2013. Consistent with Original Medicare, the 2% reimbursement adjustment is applied after determining any applicable member deductible, copayment or other member liability.

   Durable medical equipment, end stage renal disease and lab providers were not included on the original sequestration reimbursement reductions and are therefore unaffected by the current temporary suspension.

   Temporary relief:
   Consistent with Original Medicare, Blue Cross and BCN will temporarily suspend the 2% sequestration reduction. This means that reimbursement to applicable provider types will increase by 2% effective for dates of service beginning May 1, 2020 through Dec. 31, 2020. Blue Cross and BCN expect to have this implemented in our systems effective May 1, 2020.

   Reimbursement to providers who have not been affected by sequestration previously, such as DME, ESRD and lab providers, will not be impacted by this change.
The 2% sequestration reimbursement reduction is expected to be reinstated on Jan. 1, 2021.

2. **DRG enhancements for inpatient treatment for COVID-19 patients**

   The CARES Act includes a temporary 20% increase in the weighting factor for inpatient diagnosis-related group payments for Medicare patients diagnosed with COVID-19 during the COVID-19 emergency period. Blue Cross and BCN are working toward implementing the increased payments in the coming weeks. Once implemented, the increased payments will impact discharges retroactively, dating back to discharges occurring on or after the emergency declaration on Jan. 27, 2020. Any impacted claims will be reprocessed with no additional action needed by facilities.

   Blue Cross and BCN will extend the temporary suspension of sequestration to professional provider reimbursement. Please be advised that this constitutes the advanced notice required by your Medicare Advantage provider agreement. However, to provide immediate financial relief under these extraordinary circumstances, we are implementing these changes immediately as opposed to waiting 90 days prior to implementation. Blue Cross and BCN reserve all rights under the terms of their provider agreements.