

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C2-09-17-07
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

SEP 12 2013

Scott J. Kipper
Nevada Insurance Commissioner
Chair, NAIC Senior Issues (B) Task Force
Nevada Department of Business and Industry
Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706

Dear Mr. Kipper:

On March 8, 2013, the Centers for Medicare & Medicaid Services (CMS) issued a notice entitled, "Initial Information Available Concerning Sequestration Impact upon Medicare Fee-For-Services Claims." On March 15, 2013, CMS issued a second notice entitled, "Further Information about Sequestration and Impacts on Coordination of Benefits (COBA) Medicare Crossover Claims." The purpose of this letter is to specifically address Medicare Supplement Insurance (Medigap) Carriers responsibilities with respect to coverage for fee-for-service (FFS) Claims.

As provided in previous guidance regarding the effect of sequestration reductions required under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, on Medicare payment, Medicare first determines the Medicare-approved amount and applies any deductible and coinsurance before it applies the 2% reduction to the Medicare payment amount. Only the Medicare payment amount is reduced by 2%. The impact of this policy on Medicare Supplement carriers for assigned and unassigned claims is outlined below.

Assigned Claims

The sequestration payment adjustment is applied to claims after determining the coinsurance, any applicable deductible and any Medicare Secondary Payment adjustments. Furthermore, beneficiaries cannot be charged the difference between the Medicare payment and Medicare-approved charge as a result of sequestration, including through increased deductible and coinsurance amounts.

The Medigap insurer's obligations are still controlled by the terms of the individual's policy which cover, for example, "the coinsurance amount" (see, e.g., Sections 8 B of the NAIC Model Regulation). Therefore, the Medigap issuer's responsibility for coverage does not change and its obligations are still controlled by the terms of the individual's policy.

Unassigned Claims

Part B excess charges may be billable by a non-participating provider who has not accepted assignment on a claim. The Part B excess charge consists of the difference between the Medicare-approved Part B charge for unassigned claims and the limiting charge maximum (115% of the Medicare approved Part B charge). Neither the Medicare-approved amount for covered services, nor the calculations to determine the deductible and coinsurance amounts for unassigned claims, change under sequestration. Therefore, the Medigap issuer's responsibility for coverage does not change and its obligations are still controlled by the terms of the individual's policy.

If you have any questions about the guidance in this letter, please contact Derrick Claggett at Derrick.Claggett@cms.hhs.gov.

Sincerely,



Arrah Tabe-Bedward
Director
Medicare Enrollment and Appeals Group

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SEP 11 2 2013

James J. Donelon
Louisiana Insurance Commissioner
NAIC President
Louisiana Department of Insurance
P.O. Box 94214
Baton Rouge, Louisiana 70804

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