

2% Sequestration Moratorium Expected to Be Extended, Medicare to Hold Payments in the Meantime

Competing legislation in the House of Representatives and the Senate both set out to accomplish one common goal; Help offset reimbursement issues caused by the COVID-19 pandemic. The U.S. Senate recently passed a bill that would extend the sequestration moratorium through December 31, 2021. This moratorium expired on March 31st, after being put into place through the [CARES Act](#) and extended by other COVID relief legislation. The House of Representatives voted to pass their own bill, which accomplishes the same moratorium extension of sequestration, but goes a step further to help with mandatory reimbursement cuts.

In late 2020, legislation was passed, which delayed reinstatement of sequestration and [reduced cuts](#) to the Medicare Physician Fee Schedule for many providers. Then in March, the American Rescue Plan was signed into law, requiring a 4% cut to Medicare payments, along with larger cuts to mandatory programs across the board. These cuts were triggered by the Pay as You Go (PAYGO) Law of 2010. Under [PAYGO](#), new legislation that changes taxes, fees, or mandated expenditures, taken together, must not increase projected deficits. This means that the increased spending in 2021, without equal offsets, must be made up for the following year. The House of Representatives legislation addresses this head-on and seeks a waiver of these mandated future cuts.

Since both chambers of Congress address sequestration, it is expected that the House will pass the Senate's bill, delaying reinstatement of sequestration, when they return from spring recess around April 13th. In the interim, the Centers for Medicare and Medicaid Services (CMS) has instructed Medicare Administrative Contractors (MACs) to hold off on processing claims with dates of service on or after April 1, 2021 for a short period to reduce the reprocessing required if Congress acts as expected. CMS indicates there will be no disruption to cash flow for providers, but the timelines for Congress to return and the law to go into effect indicate there could be some.

APS will continue to monitor this and all items affecting your revenue. If you have any questions, please contact your Practice Manager.