To: Chief Financial Officers

cc: Medicare Advantage Organizations

From: Katie Wunderlich, Executive Director

Date: December 29, 2020

Re: Medicare Advantage Organizations Reimbursement – Extension of the Suspension of Sequestration

At its January 9, 2019 public meeting, the Health Services Cost Review Commission adopted a formal policy effective January 1, 2019, which 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 Medicare sequestration continues in effect.

On March 27, 2020, Congress passed the CARES Act which suspended sequestration for the period May 1, 2020 to December 31, 2020. On December 27, 2020, The Consolidated Appropriations Act 2021was signed into law extending the suspension period until March 31, 2021. Therefore, the moratorium applicable to MAOs on reducing payments to Maryland hospitals by two percent is likewise extended to March 31, 2021.

If you have any questions, you may contact Dennis N. Phelps, Deputy Director, Audit & Compliance, at dennis.phelps@maryland.gov.