

ASHT Joins with AOTA and APTA to Oppose CMS Proposal for Therapy Cuts

On June 25, 2010 the Centers for Medicare and Medicaid Services (CMS) released the proposed 2011 Medicare physician fee schedule (PFS) rule that updates 2011 payment amounts. The proposed cuts, call for cutting payment for multiple service units provided on the same day. The cuts will go into effect on January 1, 2011, unless CMS is convinced to change. These cuts are based on the following:

Due to the flawed Sustainable Growth Rate (SGR) formula, CMS announces in the proposed rule PFS update for Calendar Year 2011 is projected to be negative 6.1%. This cut would be on top of the 23.5% reduction that is projected to go into effect on December 1, 2010. (The 23.5% cut is a result of the 21.3% cut that has been delayed several times already this year by Congress and a 2.2% increase included in the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.)

CMS also proposes a multiple procedure payment reduction policy (MPPR) that would result in significant reductions in payment for outpatient therapy services. CMS proposes to make full payment for the therapy service or unit with the highest practice expense value and payment of 50% of the practice expense component for the second and subsequent units of the service furnished during the same day for the same patient. It is estimated that if the MPPR policy were implemented, payment for outpatient therapy services to settings inside the PFS would be reduced by approximately 12%. Providers in settings outside the PFS (i.e. outpatient hospitals, skilled nursing facilities (Part B), CORFs, rehabilitation agencies) are also paid using the PFS payment rates and policies for physical therapy and occupational therapy services, CMS estimates that this proposal would reduce (not redistribute) payments in those settings for therapy services by 13%. These cuts are in addition to the projected SGR payment cut.

The dollar amount of the therapy caps is not included in the proposed fee schedule rule. CMS does not report the dollar amount until the final rule is issued in November. In CY 2011 the therapy cap amount will be the 2010 rate (\$1860) increased by the percentage increase in the MEI, and rounded to the nearest \$10. The exceptions process will no longer be in effect after December 31, 2010. Congressional action is necessary to extend the exceptions process.

CMS's rationale for this policy is their claim that therapy services are misvalued for PFS payment when multiple services are furnished to a patient in a single session because duplicate clinical labor and suppliers are included in the PE of the services furnished. They also express concerns about increased utilization of outpatient therapy services.

APTA and AOTA are gravely concerned with the magnitude of these proposed reductions in payment, and believe that CMS's proposal to apply the multiple procedure payment reduction to outpatient therapy services is based on flawed presumptions and has no justification. APTA and AOTA will aggressively work to stop implementation of the proposed MPPR policy and the SGR payment reductions.

CMS solicits public comments on this proposed rule regarding all aspects of these alternatives as well as any recommendations for alternative payment policies that address patient needs, while minimizing payment for inefficient services or those of limited patient benefit. ASHT members please take the time to complete this form letter to oppose CMS Proposal for Therapy Cuts.