



# Reform of the Medicare Physician Fee Schedule Is Needed Now

Issue Brief

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## Long-Term Medicare Payment Reform is Needed

ADVION, as part of multiple coalitions, supports the adoption of comprehensive, transformative reforms to the Medicare payment system over the next several years. We urge Congress to work with stakeholders on long-term, substantive payment reforms and to begin holding Congressional hearings as soon as possible to begin exploring potential payment solutions to ensure Medicare beneficiaries continue to receive access to the high-quality care they deserve.

ADVION encourages legislation that would expand telehealth to improve patient access to care in rural and underserved areas, tie annual Part B reimbursement updates to inflation, such as by using the Medicare Economic Index (MEI), so that rehabilitation therapy providers can remain accessible to Medicare patients, remove budget neutrality and other mechanisms that create significant unpredictable reductions in provider pay, and allow all clinicians who bill the PFS to be eligible for value-based payments so that reimbursement is tied to the quality and outcomes of care rather than the volume of services provided.

## ***The Strengthening Medicare for Patients and Providers Act (H.R. 2474)***

A step that Congress can take right now to begin reform of the Medicare Part B Physician Fee Schedule is by passing the *Strengthening Medicare for Patients and Providers Act (H.R. 2474)* led by Representatives Larry Bucshon (R-IN) and Raul Ruiz (D-CA). This bill replaces the separate conversion factors for qualifying advanced alternative payment model (APM) participants and other physicians, including rehabilitation therapists, with a single conversion factor and provides for an update that is equal to the annual percentage increase in the Medicare Economic Index, beginning in 2024.

## **The Continual Cascade of Cuts to Rehabilitation Therapy**

Rehabilitation therapy patients and providers including physical therapists (PTs), occupational therapists (OTs), and speech language pathologists (SLPs) have been hit hard by steep Physician Fee Schedule (PFS) Part B reimbursement cuts in calendar years (CY) 2024, 2023, 2022, 2021, 2013, 2012, and 2011. In order to temporarily mitigate these drastic and



compounding fee schedule cuts, Congress passed legislation in 2021, 2022, 2023, and 2024 to lessen the reductions, however, there is no predictable process that ensures appropriate reimbursement tied to inflation from year-to-year.

**2024:** As a result of changes made by the Centers for Medicare & Medicaid Services (CMS) to pay for the increase for primary care physicians who bill evaluation and management (E/M) services, CMS finalized a 3.37% reduction to all services, including rehabilitation therapy, under the PFS.

**2023:** Phase in of a 5.75% reduction from changes to E/M policies as well as sequestration.

**2022:** CMS implemented a **15% cut** to services furnished in whole or in part by physical therapy assistants (PTAs) or occupational therapy assistants (OTAs), which was passed in the *Bipartisan Budget Act of 2018 (BBA, 2018)*. In rural and underserved communities, almost half of therapy services are provided by therapy assistants. These reductions have significantly reduced providers' ability to continue providing therapy in many communities.

**2021:** As a result of changes made by CMS to pay for the increase for primary care physicians who bill E/M services, CMS finalized a **9% cut** for physical and occupational therapists; **7% cut** for speech-language pathologists; and **6% cut** for portable x-ray providers.

**2013:** CMS made additional changes to its Multiple Procedure Payment Reduction (MPPR) policy by decreasing the practice expense (PE) component of therapy CPT codes from 25% to 50% on all codes after the first billed unit of the day, which equated to an additional **15% cut**.

**2012:** Congress implemented the Medicare sequestration policy, which applies a **2% cut** across-the-board to all Medicare claims and is expected to continue until further notice.

**2011:** CMS implemented the MPPR that decreased the PE component of therapy CPT codes with a **25% cut** on all codes after the first billed unit of the day.

## **Patient Access to Rehabilitation Therapy is in Jeopardy**

The continued reimbursement reductions, paired with higher labor costs from the ongoing workforce shortage are producing an untenable situation for rehabilitation providers. Neither COVID-19 nor the current healthcare workforce shortage were contemplated when Congress passed the 15% differential for therapy assistant services in the *BBA, 2018*.

ADVION's members need time to get through this workforce shortage, which is felt most significantly in rural and medically underserved communities, where therapy assistants provide disproportionately more care. Prior to the pandemic, it was difficult to recruit and retain therapists in these areas and now the impact is even more intensified as open positions are languishing for weeks and months. **The current therapist shortage, along with the reductions in reimbursement to rehabilitation therapy over the last 11 years, is driving**



**down access to therapy services in rural and medically underserved communities. These factors run counter to achieving greater health equity – especially in these important areas of the country.**

Rehabilitation therapy services payment will continue to be reduced because of budget neutrality if reform is not passed by Congress. These cuts are due to the redistributive impact of CMS' E/M policies, as rehabilitation therapists cannot bill E/M codes. As reimbursement has decreased, labor costs have increased, especially with the Great Resignation, which has left the long term post acute care (LTPAC) sector with a significant therapist and direct care workforce shortage. Decreased reimbursement along with higher costs is a formula that rehabilitation therapy providers cannot sustain and is continuing to have negative implications for patient access to services, especially in rural and underserved communities.

### **ADVION Calls on Congress to Undertake Medicare Payment Reform, with the following recommendations:**

- Expand telehealth beyond December 31, 2024 to improve patient access to care in rural and underserved areas.
- Tie annual Medicare Part B reimbursement updates to inflation, such as by using the Medicare Economic Index (MEI), so that rehabilitation therapy providers can remain accessible to Medicare patients.
- Remove budget neutrality and other mechanisms that create significant unpredictable reductions in Medicare provider pay.
- Allow all clinicians who bill the PFS, including rehabilitation therapists, to be eligible for the value-based payments program so that reimbursement is tied to the quality and outcomes of care rather than the volume of services provided.

***ADVION is the leading organization representing ancillary care and service providers in the long-term and post-acute care (LTPAC) sector. We advocate for the legislative and regulatory interests of our members and champion healthcare policy that supports high-quality, cost-effective care for America's seniors and our most vulnerable citizens.***

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