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Congress Should Protect Medicare Mental Health Payment

Congress should extend the MIPPA provision that restored 2007 cuts to Medicare part B mental health services. Congress should also require Medicare reimbursement for psychologists' evaluation and management (E/M) services provided within their licensure.

MIPPA Mental Health Restoration. In 2007, the Centers for Medicare & Medicaid Services (CMS) slashed Medicare part B reimbursement for psychologists due to its "5-year review" rule. Under this rule, CMS increased payments for E/M codes, raising Medicare costs by \$4.5 billion. Due to budget neutrality requirements, CMS reduced the reimbursement values of all other services, with mental health and psychological testing services hit hard with the greatest cuts. Last year through the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Congress partially restored the cuts made by the 5-year review. However, the restoration expires on December 31, 2009, so **new legislation is needed this year to continue the restoration through December 2011, until the next 5-year review.**

Extending the psychologist payment restoration is crucial to protecting access to Medicare mental health services. Psychologists and social workers provide almost all of the Medicare psychotherapy and testing services, but many have indicated that they may have to reduce their caseloads or leave the Medicare program if they are faced with these reimbursement cuts. The cost of protecting mental health services is very low; restoring the cuts for 18 months in MIPPA increased costs by only \$45 million.

The 5-year review cut is different from pay adjustments related to the SGR. Psychologists would have been hit by both cuts, but Congressional action last year to avert the scheduled 10.6% SGR pay decrease and replace it with a 1.1% payment increase for 2009 was critically important to keeping psychologists' payments from plummeting further. **Congress should stop the SGR cut this year** since it is projected to be 21%. We agree with Senate Finance Committee Chairman Max Baucus in his "Call to Action" health reform outline that "the current SGR formula is fatally flawed and must be replaced."

Psychologist Eligibility for E/M Payments. CMS does not, but should reimburse psychologists for the E/M services they provide within their licensure. Psychologists perform many E/M services now, including providing consultations, establishing diagnosis and treatment options, analyzing tests and records, and counseling and coordinating care. However, CMS prohibits psychologists from billing for E/M services under a vaguely described rationale that these are "medical" services. Since psychologists can and do provide these services now, they should be permitted to provide them to Medicare beneficiaries in accordance with their licensure. The cost of making psychologists eligible for E/M reimbursement is extremely low, increasing Medicare costs by approximately \$6 million per year.

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The Medicare “Physician” Definition Should Include Psychologists

Congress should amend the Medicare “physician” definition to include psychologists. This change would remove unnecessary and inappropriate physician supervision of psychologists’ services, which impedes patient access to needed mental health care.

The Medicare “physician” definition (section 1861(r) of the Social Security Act) has been amended several times to include other non-physician providers. Nearly since Medicare’s inception, the “physician” definition has included both medical doctors and non-physician providers. The current Medicare “physician” definition now includes chiropractors, optometrists, dentists and podiatrists, who provide their services within the scope of their licensure without inappropriate physician supervision.

Psychologists are licensed to practice independently of physician supervision in all 50 states and the District of Columbia. Adding psychologists to the “physician” definition simply would allow them to provide the services for which they are trained and licensed. It would not expand their scope of practice.

Older Americans’ unmet mental health needs are significant and are expected to increase dramatically over the next decade. The number of older adults with mental and behavioral health problems is expected to reach 15 million by 2030. Older adults also have the highest suicide rate of all age groups in the country. However, studies have suggested that almost two-thirds of older adults with mental disorders fail to receive needed mental health services.

Including psychologists in the “physician” definition would improve older adults’ access to needed mental health care. A number of Medicare physician supervision requirements are not necessary when a psychologist provides care to patients as permitted under state licensure. Including psychologists in the “physician” definition would remove these unnecessary requirements that currently slow down or even hinder patient care. For example, Medicare imposes physician supervision on psychologists in hospitals, partial hospitals, and comprehensive outpatient rehabilitation facilities where psychologists may provide their services with no or less physician supervision than Medicare currently requires.

Medicare Should Reimburse Hospitals for Psychology Training

To preserve high quality patient care, Congress should provide Medicare reimbursement to hospitals for psychology internship training programs.

Psychologists are currently ineligible for Medicare training reimbursement. While physicians and at least 19 allied health care professionals, including nurses, physical therapists, and clinical pastoral counselors, are eligible for Medicare training dollars, psychologists are not. Hospitals pay for and run psychology internship programs with no Medicare reimbursement, but in this difficult fiscal climate many are forced to reduce financial support for psychology training.

Congress should pass legislation to provide Medicare reimbursement for psychology internship training. On several occasions, Congress has urged CMS in report language to provide hospital reimbursement for psychology internship training, but CMS has not implemented a final rule and will not act without congressional legislation, which is needed to make reimbursement a reality.

Psychology interns provide a range of key therapeutic, primary care, and diagnostic services to Medicare beneficiaries, often in hospitals in rural and underserved areas where physicians are not as available to provide similar services. Medicare reimbursement for psychology interns would help protect patient access to high quality care, and at a modest cost. CBO estimates that the cost of providing Medicare reimbursement for psychology internship training will be about \$40 million a year. CBO, Cost Estimate: H.R. 1 and S. 1, at p. 65 (July 22, 2003).