



## Stop Payment Reductions for Rehabilitation Providers

The National Association of Rehabilitation Providers and Agencies (NARA) opposes further reductions in Medicare reimbursement to Physical Therapy, Occupational Therapy and Speech Language Pathology providers.

From 2011 through the Physician Fee Schedule cuts for CY 2022, rehabilitation providers have incurred approximately 29%+ in reimbursement reductions. These continuous cuts enacted by CMS are often replicated by commercial payers. Yet the cost to maintain a practice have increased during the same period. Operating margins continue to be slim for providers as they continue to face higher expenses and significant staffing shortages due to COVID-19. MedPAC indicated in their June 2015 report to Congress that, “the Medicare population is projected to increase from 54 million beneficiaries today to over 80 million beneficiaries by 2030 as the baby-boom generation ages into Medicare.”<sup>1</sup> The combination of significant increases in beneficiaries and consistent cumulative reductions in reimbursement to providers will cause a significant decrease in access to care because providers are unable to continue operating on already slim margins. We urge Congress to stop these cuts so access to these vital services to beneficiaries to fight the Opioid epidemic, help COVID-19 sufferers regain their quality of life, and assist our aging population can continue.

### Recommendations to Maintain Crucial Access to Care

- **Co-sponsor the Stabilizing Medicare Access to Rehabilitation and Therapy (SMART) Act (H.R. 5536)** introduced by Reps. Bobby Rush (D-IL) and Jason Smith (R-MO) which would delay the Therapy Assistant differential for 1 year, exclude rural and underserved areas from the therapy assistant payment reduction, and specifies that supervision requirements for outpatient physical therapy services that are furnished through private practice may not be more stringent for purposes of Medicare coverage than under state law.
- **Continued cuts to rehabilitation providers with short-term fixes before the full cut returns do long-term harm. It is critical for lawmakers stop these cuts.** The COVID-19 PHE has created severe financial hardships for the American healthcare infrastructure. As rehabilitation providers continue to face steep Medicare reimbursement cuts the impact becomes unsustainable for rehabilitation providers and will result in Medicare beneficiaries not being able to access the care provided by physical, occupational and speech therapy services.
  - Due to increases of Evaluation & Management (E/M) codes billed by primary physicians, nearly all other provider types were scheduled to receive significant decreases in 2021 and 2022. We are appreciative of the action taken by Congress with the Consolidated Appropriations Act of 2021 that has reduced these cuts each year thus far. However, these measures are only temporary due to budget neutrality. Providers are anticipating the return of the 2% sequestration reduction in full July 1, 2022, along with additional cuts mandated by federal spending controls in 2023 and 2024. Reductions to the Physician Fee Schedule effect beneficiaries receiving services in all settings including outpatient clinics, hospitals, home health, and skilled nursing facilities.
- **Congress should enact provisions to prevent statutory PAYGO sequester from taking effect as a result of the American Rescue Plan Act.** Congress has acted to waive the reductions, or “wipe the PAYGO scorecard clean” after passing legislation that increased the deficit since the enactment of

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<sup>1</sup> [https://www.medpac.gov/wp-content/uploads/import\\_data/scrape\\_files/docs/default-source/reports/chapter-2-the-next-generation-of-medicare-beneficiaries-june-2015-report-.pdf](https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/chapter-2-the-next-generation-of-medicare-beneficiaries-june-2015-report-.pdf)

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PAYGO. Congress must prevent the 4% reduction in Medicare reimbursement from taking effect so providers can continue to provide beneficiaries access to these much-needed services.

- **Congress should amend the MIPS program enacted under MACRA to allow providers who bill on institutional claims to participate.** Currently, 62% rehabilitation providers cannot participate in the Merit-based Incentive Payment System (MIPS) program because they bill on an institutional claim and MIPS only supports providers who bill on a professional claim. Participation in incentive-based payment program may help offset Physician Fee Schedule reductions.
- **Congress should encourage CMS to create a class-specific geographic index for physical and occupational therapy services furnished by physical therapy assistants and occupational therapy assistants to offset the payment reduction in rural areas.** The greatest impact of the Medicare cuts is on underserved and rural communities where provider shortages are common and beneficiaries face access barriers.

**Below is a table illustrating payment reductions rehabilitation providers have absorbed and upcoming scheduled payment reductions:**

Year	Policy	Net Reduction
2011 - 2030	Sequestration	-2%
2013	MPPR	-50% on the second and subsequent practice expense portion of reimbursement
2015 – 2026	MACRA	0% increase each year
2015 to date	MIPS – institutional providers are unable to participate in quality bonus program	0% increase indefinitely
2021	Physician Fee Schedule Reduction - Congressional Action Taken	Up to -4%
2022	Differential for Therapy Assistants	-15% on 80% of Medicare Allowable
2022	Physician Fee Schedule Reduction – Congressional Action Taken	-0.75%
2023	Physician Fee Schedule Reduction	Up to -6%
2023	PAYGO due to the American Rescue Plan Act 2021	-4% (could last up to 10 years)
2024	Physician Fee Schedule Reduction – expiration of the moratorium on implementation of G2211	Up to -6%

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*NARA is the trade association representing 90+ organizations consisting of over 80,000 healthcare professionals dedicated to providing a multitude of skilled rehabilitation therapy services to individuals in a variety of settings including inpatient, outpatient, skilled care, assisted living, educational systems, industry/occupational health.*