



Issue Brief

2021 Cuts to Medicare Part B Programs Reduce Beneficiaries' Access to Care

Background

In the *2020 Medicare Physician Fee Schedule Final Rule (PFS)*, the Centers for Medicare & Medicaid Services (CMS) indicated that it intends to impose an estimated 8% cut to outpatient rehabilitative therapy services for Medicare Part B patients in 2021. This significant cut is due to CMS adopting other policies related to Evaluation and Management (E/M) office and outpatient visits most often billed by physicians. CMS intends to increase what it pays physicians for these E/M services and offset that increase by cutting outpatient rehabilitation therapy services and other medical specialty services paid under the Physician Fee Schedule. During the comment period, CMS received thousands of public comments opposing these cuts. NASL does not have an issue with the policy goal to increase payment for office/outpatient E/M codes for 2021; however, **NASL questions the proposed cuts to rehabilitation and other specialty payments that have been proposed without explanation or policy rationale other than a need to offset the increases to the Evaluation and Management services provided by physicians.**

Patient Access to Therapy Services Will Be Impacted

The majority of Medicare spending on outpatient therapy is for patients in nursing facilities. These are the services that often allow the patient to return home and rejoin their community. Patients may require the services of a physical therapist who provides therapeutic exercises for strength, gait training for walking and neuro reeducation for balance. Occupational therapists may provide therapeutic activities for balance retraining with carrying items for cooking and self-care/home management training to regain independence. Speech language pathologists may treat a patient's word finding and slurred speech as well as a swallowing disorder (see patient vignettes below for more detail on the cuts). **The additional cuts that CMS is estimating will create barriers that impede providers' ability to deliver rehab therapy for those patients who need it most. If these cuts go forward, it will affect patient access to care.**

Rehab Therapy for Medicare Beneficiaries Has Been Cut Multiple Times

NASL and other rehabilitation therapy stakeholder organizations have communicated with CMS and expressed serious concerns regarding decreasing rates for outpatient therapy services. Rehab therapy already has sustained multiple cuts. This additional, significant payment reduction will only exacerbate the effects of those previous cuts. The 8% cuts are added to the 2% sequestration cut, which is in addition to a 50% practice expense cut due to the Multiple Procedure Payment Reduction (MPPR).

Ask Congress

To ask CMS for more detail on how these cuts would be imposed. Delay or prohibit the implementation of the reduced reimbursement values for outpatient therapy.

Key Facts

CMS finalized all proposed policies for payment for office and outpatient E/M services, **effective January 1, 2021.**

CMS estimates an **8% cut to PT and OT services, as well as speech-language pathology** for Medicare beneficiaries.

CMS estimates a **4% cut to independent laboratory and portable x-ray services.**

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Furthermore, Congress recently cut services provided by occupational and physical therapy assistants by 15% beginning in 2022.

More Information Is Needed

Increases in value to the E/M codes will require a dramatic redistribution of value within the *Physician Fee Schedule (PFS)* forcing cuts to 37 medical specialties; the majority of whom are not eligible to bill Medicare for CPT E/M codes. This is because office/outpatient E/M visits/codes comprise approximately 25% of allowed charges for *PFS* services. CMS policy requires that these updates be implemented in a budget neutral manner. Therefore, to offset increases in the E/M codes, CMS estimated in the *2020 PFS Final Rule* that payments for physical and occupational therapy and speech-language pathology services will decrease by 8%. Other NASL members to face cuts include independent laboratories and portable x-ray providers, both of which are estimated to receive a -4% cut as a result of these changes. CMS stated that these estimates are “illustrative” of the potential changes and final cuts will be announced in *2021 Physician Fee Schedule Proposed Rule*, which will be released by CMS in the summer of 2020.

Beyond the estimated cut, CMS has released little detail. Ninety seven Members of the House of Representatives sent a letter on February 5 to CMS Administrator Seema Verma asking for additional details regarding the methodology and data CMS used to calculate each estimated specialty level impact and for additional information that CMS would consider when preparing the final 2021 fee schedule. The Congressional letter requests a response from CMS by February 21, 2020.

Providers Have No Ability to Mitigate the Cuts

Unlike the many physician practices that will receive the payment increases, rehabilitation professionals are unable to earn performance-based incentives that could mitigate the cuts. CMS has excluded therapists who practice in nursing facilities from participating in Medicare's Merit-based Incentive Payment System (MIPS), which is part of the Quality Payment Program, under the *Medicare Access & CHIP Reauthorization Act of 2015 (MACRA)*. CMS could make changes to allow nursing facilities to participate in MIPS.

Ask Congress to Stop These Cuts

We need CMS to provide more detail on how these cuts would be imposed. We ask Congress to delay or stop these cuts. The chart below illustrates the cumulative impact of cuts to Medicare Part B rehabilitation therapy services, and why another 8% cut is so concerning to those providing much-needed therapy services for Medicare beneficiaries. What is more difficult to capture is the value that rehabilitation therapy delivers by improving functional outcomes and preserving Medicare beneficiaries' independence while delivering savings to the Medicare program through decreased hospitalization and lower overall cost for care.

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Impact of Proposed 8% Cut to Rehabilitation Therapy for Patients in 2021

Patient Average Day of Therapy Services <i>Treated in Washington, DC metropolitan area</i>	Base Payment Rate	2020 Actual Payment	2021 Proposed Payment <i>8% Cut</i>	2022 Anticipated Payment <i>15% Therapy Assistant cut takes effect January 2022.</i>
#1 – Mrs. Smith <i>PT, OT & SLP Services</i>	\$324.69	\$257.32	\$211.10	\$198.40
#2 – Ms. Carter <i>PT Services Only</i>	\$111.72	\$92.43	\$85.03	\$80.97
#3 – Mr. Wagner <i>PT & OT Services</i>	\$205.04	\$159.28	\$146.51	\$138.35

Medicare Part B Payment Cuts

2% Medicare Sequestration

Initiated in 2011 & extended through 2027.

25% Multiple Procedure Payment Reduction (MPPR)

First imposed in 2011.

50% Multiple Procedure Payment Reduction (MPPR)

MPPR was expanded to a 50% cut on the second & subsequent Practice Expense (PE) components beginning in 2013.

8% Reduction to Therapy Services as a Result of E/M Changes

Proposed for 2021.

15% Therapy Assistant Reduction

Will take effect January 2022.



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Patient Vignette #1 – Mrs. Smith

Mrs. Smith is a 67-year-old female living at home alone independently and suffered a stroke, which resulted in problems with self-care, mobility, communication and swallowing. She was able to drive, care for herself and enjoyed traveling during her retirement. She was admitted to a skilled nursing facility for rehabilitation and then discharged home with her daughter. She recovered well, but still required assistance with walking, bathing and dressing. She also has difficulties finding the correct word and her speech is slurred. Her swallowing continues to improve. When transitioned to home, she can safely swallow chopped meats and thick liquids. She is now receiving continued therapy in an outpatient clinic. She receives physical therapy who recommended therapeutic exercises for strength (97110), gait training (97116) for walking and neuro reeducation (97112) for balance. Occupational therapy recommended therapeutic activities for balance retraining with carrying items for cooking and self-care/home management training to regain independence (97530 and 97535). Speech therapy will treat her word finding and slurred speech (92507) as well as her swallowing disorder (92526).

Impact of Proposed 8% Cut to Rehabilitation Therapy for Patients in 2021

Patient Average Day of Therapy Services	Base Payment Rate	2020 Actual Payment	2021 Proposed Payment	2022 Anticipated Payment
<i>Treated in Washington, DC metropolitan area</i>			<i>8% Cut</i>	<i>15% Therapy Assistant cut takes effect January 2022.</i>
#1 – Mrs. Smith <i>PT, OT & SLP Services</i>	\$324.69	\$257.32	\$211.10	\$198.40
<p><i>Care Provided – Mrs. Smith received 57 minutes of physical therapy, 36 minutes of occupational therapy and 24 minutes of speech language speech language therapy for a total of 1 hour and 57 minutes of rehabilitative care.</i> <i>Patient Status – After treatment, Mrs. Smith is maintaining her independence at home.</i></p>				

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Patient Vignette #2 – Ms. Carter

Ms. Carter is a 76-year-old female who was referred to physical therapy after a recent fall due to a loss of balance. The patient lives in a skilled nursing facility and prior to her fall she was able to ambulate throughout the facility independently. Now, she requires moderate assistance with ambulation. She was referred to physical therapy to increase strength, balance and regain independence with walking. After her physical therapy evaluation, the physical therapist recommended the following intervention: Therapeutic exercise (97110) for strengthening, Neuromuscular re-education (97112) for balance, Gait training (97116) for ambulation and Therapeutic activities (97530) for balance retraining with functional tasks such as lifting or carrying an object.

Impact of Proposed 8% Cut to Rehabilitation Therapy for Patients in 2021

Patient Average Day of Therapy Services	Base Payment Rate	2020 Actual Payment	2021 Proposed Payment	2022 Anticipated Payment
<i>Treated in Washington, DC metropolitan area</i>			<i>8% Cut</i>	<i>15% Therapy Assistant cut takes effect January 2022.</i>
#2 – Ms. Carter <i>PT Services Only</i>	\$111.72	\$92.43	\$85.03	\$80.97

*Care Provided – Ms. Carter received 49 minutes of physical therapy.
Patient Status – After treatment, Ms. Carter has returned to being able to ambulate throughout the facility independently.*

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Patient Vignette #3 – Mr. Wagner

Mr. Wagner is a 67-year old male is referred to outpatient physical therapy following a recent right total knee replacement. The patient lives at home with his spouse where he was previously independent with mobility, activities of daily living, and he was also working part-time as a contract package driver for the USPS. He presented on the day of evaluation with decreased right leg strength, limited right knee range of motion, and abnormal gait pattern which was causing secondary back pain. The physical therapist developed a plan of care including the following interventions: Therapeutic exercise (97110) for strengthening and increasing right knee mobility, Neuromuscular re-education (97112) for improving balance and core stability, Gait training (97116) for improving ambulation and normalizing posture during mobility activities, Therapeutic activities (97530) to improve functional performance and tolerance for activities required of his job (e.g., bending, lifting, carrying, reaching, and overhead activities), and Electrical stimulation (G0283) for pain management as needed.

Impact of Proposed 8% Cut to Rehabilitation Therapy for Patients in 2021

Patient Average Day of Therapy Services	Base Payment Rate	2020 Actual Payment	2021 Proposed Payment	2022 Anticipated Payment
<i>Treated in Washington, DC metropolitan area</i>			<i>8% Cut</i>	<i>15% Therapy Assistant cut takes effect January 2022.</i>
#3 – Mr. Wagner <i>PT & OT Services</i>	\$205.04	\$159.28	\$146.51	\$138.35
<p><i>Care Provided – Mr. Wagner received 75 minutes of physical therapy and 51 minutes of occupational therapy for a total of 2 hours and 6 minutes of rehabilitative care.</i></p> <p><i>Patient Status – After treatment, Mr. Wagner has returned home and is independent.</i></p>				