

Eli's Rehab Report

Outpatient Outlook: Get Your Year-End Medicare Regulatory Roundup

Physician Fee Schedule cuts, therapy cap exceptions await congressional action, as usual.

The 2015 Medicare Physician Fee Schedule (MPFS) rule has been finalized and shows similar trends from previous years □ in other words, payment safety nets are hanging by a thread.

This year, Medicare providers have been operating under a 0.5 percent payment update patch, thanks to the Protecting Access to Medicare Act of 2014 (PAMA). This patch has been staving off the 2014 Physician Fee Schedule sustainable growth rate (SGR) cuts. PAMA will then enact a 0 percent update after the New Year, through March of 2015.

Left hanging: According to the 2015 MPFS the SGR for Medicare payments will fall by -21.2 percent if Congress does not act before April 1, 2015 to overwrite it.

Experts predict that Congress could just enact another patch at that time, as they usually do, but there's no guarantee. If Congress acts in time, physical therapists, for example, could see a 1 percent aggregate increase in their Medicare payments.

Therapy cap update: The 2015 therapy cap will climb from \$1920 to \$1940. The cap is \$1940 for occupational therapy and \$1940 for physical therapy and speech-language pathology combined. But just as with the SGR, if Congress doesn't act before April 1, 2015, you'll see no more therapy cap exceptions. This also includes the manual medical review process for claims more than \$3700 over the cap.

Industry Pushes Back as Measure Requirements Increase

The MPFS also supercharged the Physician Quality Reporting System (PQRS) from three to nine required quality measures □ which many healthcare industry advocates openly opposed. For 2015, CMS requires that all professionals eligible for PQRS participation (that is, PTs, OTs, and SLPs in private practice) report on at least nine quality measures.

"APTA expressed concern with the increase in the reporting requirement from three measures," says **Gayle Lee, JD**, senior director of health finance and quality for the **American Physical Therapy Association (APTA)**. "We felt that the proposed change in the number of measures will significantly increase provider burden in reporting."

Salt to the wound: Despite the extra work, providers will not see a PQRS payment incentive for reporting in 2015, as they have seen in the past. Instead, everyone will get a payment penalty two years later for non-participation.

"Anecdotally, we are aware that many of our providers still report via claims and opted to report three measures in CY 2014, citing reporting burden as the main reason behind this decision," Lee shares. Lowering the number of measures required for the reporting threshold would substantially increase the proportion of physical therapists, physicians, and other health care professionals that avoid the PQRS penalty □ therefore encouraging broader participation, she explains.

Value-Based Modifier Coming Soon

On a related note, CMS is accelerating its implementation of a value-based payment modifier (Value Modifier or "VM") □ which could have a huge impact on your reimbursement in a few short years.

Originating in the Affordable Care Act, the VM would "adjust payments to physicians, groups of physicians, and other eligible professionals based on the quality and cost of care they furnish to beneficiaries enrolled in the traditional Medicare Fee-for-Service (FFS) program," CMS stated in a press release.

In a nutshell: Providers would get payment incentives for high-quality care and efficient spending and get payment penalties if they "underperform." The quality portion of the value modifier will be calculated based on PQRS, and CMS has a statutory mandate to implement it to all physicians by 2017 and wants to get other eligible healthcare providers on board as well.

"We were openly opposed to the application of the value-based modifier to speech-language pathology services, which threatened to add a -4 percent penalty in 2017 based on 2015 [PQRS] participation," says **Lisa Satterfield, MS, CCC-A**, director of health care regulatory advocacy for the **American Speech-Language-Hearing Association**.

CMS enacted a -4 percent VM adjustment to groups of 10 or more eligible professionals and set a -2 percent adjustment for eligible solo practitioners and groups of 9 or less.

"CMS recognized our concerns and did not finalize the value-based payment modifier for non-physician professionals in 2015, but indicated they would be applying it for 2018 claims (based on 2016 PQRS participation)," Satterfield says.

Don't miss: The PQRS nonparticipation penalty and the VM penalty are not one and the same thing. The PQRS penalty is -2 percent, and the VM penalty is either -2 or -4 percent. That means in 2018 the total penalty for eligible providers could potentially be -6 percent.

"AOTA was glad to see that CMS delayed the application of the VM program to non-physician groups so that CMS may engage in further education of therapists and other allied health professions regarding the relevance of the VM program to therapy practice," says **Sharmila Sandhu, JD**, director of regulatory affairs for the **American Occupational Therapy Association**.

All things considered: With the proposed expansion of the VM program, APTA felt it premature to simultaneously expand the number of PQRS measures that must be reported to avoid the penalty, Lee says.

To view the MPFS final rule, visit tinyurl.com/pl7yeuo.