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Eli's Rehab Report

Outpatient Outlook: Think FLR Is Limited to Medicare Claims? Think Again

UnitedHealthcare attempts to join the bandwagon.

Just when you've gotten a grip on functional limitation reporting (FLR) for outpatient Medicare patients, the private insurance industry wants in on the game.

UnitedHealthcare (UHC) announced last May that it planned to implement FLR for its Medicare Advantage plans starting Aug. 1, 2014. The plan was to require G-codes and severity modifiers on outpatient rehab claims, just as Medicare now requires.

Grace period: UHC, however, recently put the plan on hold, likely due to pressure from the **American Physical Therapy Association** (APTA), among others. UHC has not released a new implementation date.

While professional rehab associations have supported Medicare's efforts to move toward a "value-based" reimbursement system, APTA opposed UHC's recent move to join the show.

"Implementation of FLR by the **Centers for Medicare and Medicaid Services** has been plagued by challenges that are not yet fully resolved," says **Carmen Elliott, MS**, senior director of payment & practice management for APTA. She points out the complicated nature of the reporting system and claims processing challenges, which have led to "significant payment issues this year."

"The numerous difficulties created by the system and the limitation of the data itself outweigh the benefit gained by its implementation as it stands today," Elliott says.

Expect UHC to Follow Through and Others to Follow Suit

When Medicare starts a trend, it's only a matter of time before private payers follow.

In addition to UHC's attempts, "there are other private payers that have implemented FLR under the Medicare Advantage product," Elliot confirms.

"Many private payers will adopt certain Medicare regulations," says **Meryl Freeman, MS, PT**, manager of outpatient rehab for **Rex Healthcare** in Raleigh, NC. She notes **Aetna's** adoption of the multiple procedure payment reduction (MPPR) as an example.

"The move toward value-based reimbursements [as opposed to the current volume-based model] has been a major driver of healthcare reform," Elliot says. "UHC has publicly stated that it plans to move toward more value-based contracts in payment, which will be based on quality improvement and cost containment."

Growing skepticism: Many industry advocates aren't so quick to believe the "value-based" motive behind FLR and other healthcare reform.

"This is a very effective strategy to not pay us," says **Ken Mailly, PT**, with **Mailly & Inglett Consulting** in Wayne, NJ. "If the impetus was on quality of care, then there would be a stronger effort to address poor quality and there's not."

It's "just a matter of time" before the mere functional status data on a claim turns into an excuse to deny or delay payment, Mailly says.

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"A lot of private payers see that Medicare is able to cut how much they reimburse based on increasing regulations," Freeman observes as an industry trend. "It's a scary thing because our reimbursement continues to go down, while our expenses, especially salaries, continue to go up."

Even if the intentions are truly to keep patient care standards high and eliminate fraud, "all they've done is put the stranglehold on honest, ethical providers," Mailly says, "while the dishonest, unethical providers just find a new way to commit their frauds."

Solution? "You can't fix this problem by just rearranging how you're doing things," Mailly says. "The changes in this system are pushing us into extinction, and at some point, you have to push back ... and say, we can't work with the system anymore."

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