

Eli's Rehab Report

Reimbursement: Rehab Providers Get Holiday Wish With Last-Minute 2008 Policy Changes

The catch: You'll still need another fix mid-year

If you were holding your breath for a Medicare pay increase or an extension to the therapy cap exceptions process, you can finally exhale. The Senate and House passed the legislation to do just that: the Medicare, Medicaid and SCHIP Extension Act of 2007, which President Bush signed into law on Dec. 29.

The legislation makes the following changes:

- Replaces the scheduled 10.1 percent Medicare pay cut for 2008 with a 0.5 percent increase through June 30, 2008
- Extends the therapy cap exceptions process into 2008 through June 30
- An extension of the floor of 1.0 on work geographic adjustment through June 30, 2008, according to the American Physical Therapy Association Web site
- A permanent freeze on the inpatient rehab facility compliance threshold at 60 percent with cost reporting periods beginning July 1, 2006, and after.

Keep Your Sights Set on June 2008

But this good news didn't come without a catch. As noted above, many of the law's provisions expire on June 30, so Medicare allowances after that are still up in the air.

"This is a political football," says **David C. Harlow, Esq.**, of The Harlow Group. "Congress has never let the sustainable growth rate (SGR) rules kick in. I don't think that they will let them kick in mid-year. The pending action is a political compromise involving SCHIP as well and merely avoids a physician pay cut that would otherwise be automatic in January."

Despite the congressional reprieve, however, physicians and other providers reimbursed under the Medicare fee schedule shouldn't take their attention off of the legislative wrangling that will be required to fix payments after June 30, says **Jean Acevedo, LHRM, CPC, CHC, PCS**, of Acevedo Consulting Inc. "They should be worried that come July 1, 2008, their reimbursement will drop to the 10.1 percent reduction," she says.

Potential upside: "I've never seen Congress attempt just a six-month fix," Acevedo says. "Maybe the Senate is planning to actually tackle the core problem with the fee schedule between now and June. If so, that could actually be good news."

New payment structure possible: "Physicians may note that congressional support for their position is eroding" based on last year's 1.5 percent increase and this year's 0.5 percent boost, Harlow says. "The AMA wants Congress to abandon this sort of cost control and simply adopt an indexed approach to automatic increases, rather than sticking with the current zero-sum game. Congressional leadership is eager to find a permanent solution, though wholesale adoption of the AMA proposal is unlikely."

To read a breakdown of the original bill, visit <http://www.senate.gov/~finance/press/Bpress/2007press/prb121807.pdf>.