

Medicare Payment Reduction

By Connie Ziccarelli

The Centers for Medicare and Medicaid Services (CMS) has begun to apply a new Multiple Procedure Payment Reduction (MPPR) to the practice expense component of select Current Procedural Terminology (CPT) therapy codes paid under the Medicare Physician Fee Schedule (MPFS). This means that select codes billed in 2011 from private practice physical therapists will be subject to a 20% reduction of the practice expense component of the relative value unit. This news may have caught some by surprise and left them unprepared for the change.

The MPPR policy has existed in other medical settings but now is affecting physical therapists in private practice. Information for your administrative staff on MPPR and a list of select therapy codes affected can be found on the CMS website at <http://www.cms.gov/MLN MattersArticles/downloads/MM7050.pdf>. For each date of service billed, full payment is made for the unit with the highest practice expense value. The second and any subsequent units billed that day will be subject to the 20% reduction of the practice expense component, which will reduce the amount paid for these services. The negative impact on a private practice may be as low as 3% or as high as 9%, depending on the provider's locale.

Private practice owners should have systems in place to review all Medicare payments for services billed in 2011 to ensure that they are receiving the maximum Medicare-allowed reimbursement. A useful tool to assist your administrative staff, the MPPR Calculator, can be found on the American Physical Therapy Association's website, www.apta.org. It is designed to

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help determine reimbursement for services based on the MPPR methodology for your locale. This tool, combined with Medicare's explanation of benefits, will help determine if you are receiving appropriate reimbursement from your Medicare carrier.

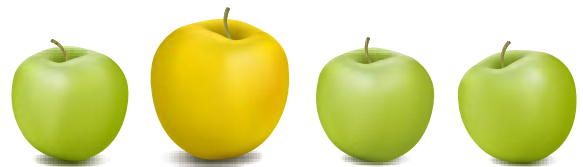
As federal health care legislation continues to shift, it is increasingly important to keep abreast of the changes affecting physical therapy. This can be achieved by staying current with CMS rules and regulations, following any electronic communi-



cation from the PPS, and keeping your administrative staff informed and prepared. By utilizing these best practice resources, owners and administrators have the opportunity to grow financially healthy practices. ■

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