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Psychologists and Medicare

Psychologists provide a major share of mental and behavioral health services within Medicare, treating an estimated 1.5 million beneficiaries each year. Psychologists provide almost all neurobehavioral status examinations, psychological/neuropsychological testing, and health and behavioral assessments and interventions received by beneficiaries.

Mental disorders are common—and costly—for Medicare. About 16% of Medicare beneficiaries have depression. [Depression doubles the rate of hospitalization and emergency room use](#) for patients with chronic conditions like diabetes or congestive heart failure, and [raises treatment costs by 67%, almost entirely because of higher spending on non-mental health services](#). Prevalence rates for anxiety disorders are comparable to those for depression, and these are only two of the mental, emotional, and behavioral conditions confronting millions of Medicare beneficiaries.

Medicare beneficiaries need better access to mental and behavioral health services.

Studies show that only about one-third of older adults with a mental disorder receive any mental health treatment.

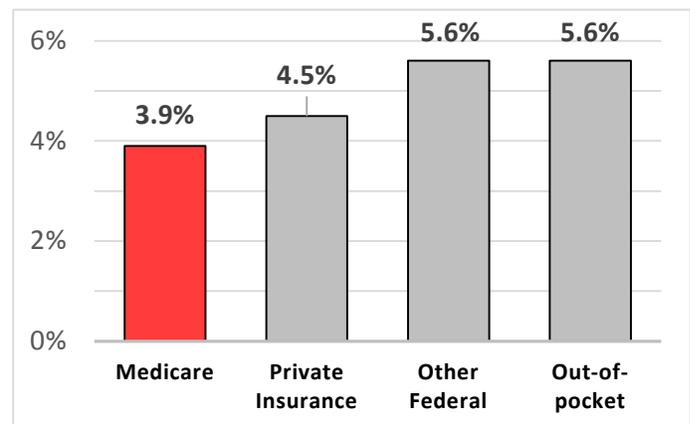
As the Institute of Medicine stated in a 2012 report:

“The burden of mental illness and substance use disorders in older adults in the United States borders on a crisis.”

The report concluded that [there aren't nearly enough mental health specialists](#) to treat beneficiaries now, let alone in the years ahead as Medicare's beneficiary population grows.

This is a tragedy. [Depression and other mental disorders are not a normal part of aging](#), and mental health treatment success rates compare favorably to those for many general medical conditions.

Medicare Spends Less on Mental Health Services Than Any Other Payer



Projected 2014 spending amounts, from Substance Abuse and Mental Health Services Administration, “Projections of National Expenditures for Treatment of Mental and Substance Use Disorders, 2010–2020.”

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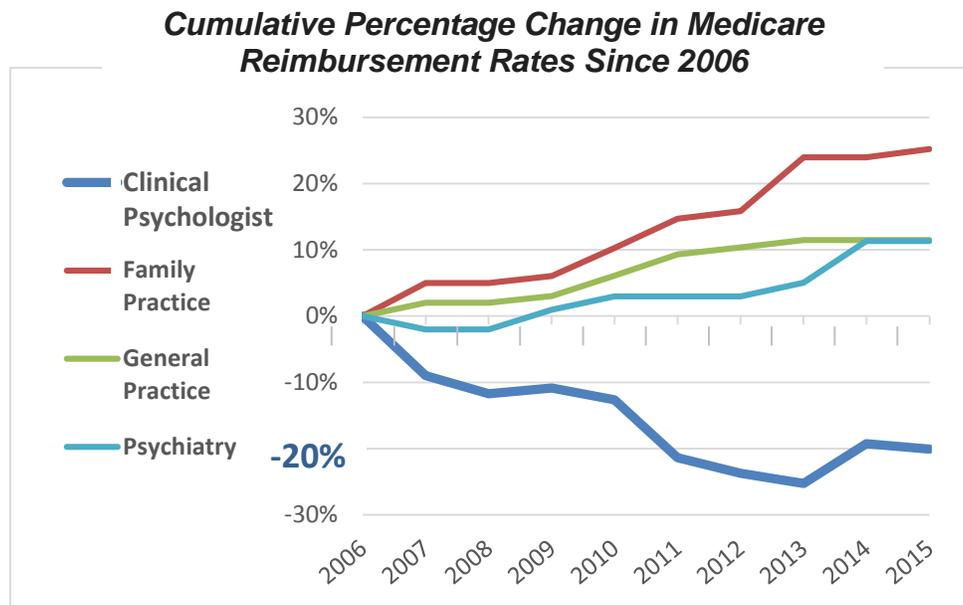


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An affiliate of the American Psychological Association

Despite the need for and cost-effectiveness of treatment, shrinking Medicare payments, unnecessary physician oversight, and administrative hurdles are causing psychologists to leave the program. A 2013 American Psychological Association survey found **26%** had left Medicare within the previous five years.

Medicare reimbursement rates for psychologists have fallen 20% since 2006. Adjusted for inflation, rates have dropped in just the last ten years by fully one third.



Source: CMS Medicare Part B Physician Fee Schedules.

Medicare's physician fee schedule (PFS) formula undervalues psychological services because of the way it pays providers for practice expenses. Psychologists' practice expenses are very low and stable since their services are centered on person-to-person interactions, and don't involve medical equipment. In contrast, providers treating physical disorders frequently use new, expensive high-tech services and medications, contributing to higher and more volatile practice expenses. Since the payment formula keeps the total amount Medicare pays for practice expenses roughly constant from year to year, this winds up shifting reimbursements *away* from psychologists and other providers with low practice expenses and *toward* providers with higher than average expenses.

Congress should increase Medicare beneficiaries' access to psychologists' services by...

- Fixing the flaw in Medicare's physician payment formula which is depressing psychologists' reimbursement rates under the program, and
- Letting psychologists practice independently in all Medicare-covered treatment settings, instead of making beneficiaries wait for a physician to make a formal referral or provide oversight.