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Congress Should Protect Medicare Mental Health Payment

To ensure the viability of the Medicare outpatient mental health benefit, Congress should extend the MIPPA provision that restored 2007 cuts to Medicare Part B mental health services. Congress should pass the Senate's tax extenders bill now to extend the payments this year and then pass an additional extension for 2011.

In 2007, the Centers for Medicare & Medicaid Services (CMS) slashed Medicare part B reimbursement for psychologists due to its "5-year review" rule. Under this rule, CMS increased payments for E/M codes, raising Medicare costs by \$4.5 billion. Due to budget neutrality requirements, CMS reduced the reimbursement values of all other services, with mental health and psychological testing services hit hard with the greatest cuts.

MIPPA restored payments temporarily but now needs to be extended. Through the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Congress partially restored the cuts made by the 5-year review. However, this restoration expired on December 31, 2009, so new legislation is needed now to extend the restoration through December 2011, until the next 5-year review, when psychology may have the value of its services reconsidered by CMS. The American Workers, State and Business Relief Act of 2010 being debated in the Senate (Baucus amendment to H.R. 4213) will, in Section 214, restore the cuts through 2010 and provide for retroactive reimbursement for reductions since January 1, 2010. Congress should pass this bill now and then pass additional legislation to restore payments through 2011.

Extending the psychologist payment restoration is crucial to protecting access to Medicare mental health services. Psychologists and social workers provide almost all of the Medicare psychotherapy and testing services, but many have indicated that they may have to reduce their caseloads or leave the Medicare program if they are faced with these reimbursement cuts. The cost of protecting mental health services is very low, increasing costs by only \$30 million per year.

The 5-year review is different from pay adjustments related to the SGR. Psychologists were saved from a second and even more devastating reduction when Congressional action in December halted the projected 21.2% Sustainable Growth Rate cut through February 28, 2010. On February 28, Congress again temporarily delayed the SGR cut for an additional month. Congress should continue to prevent such drastic payment reductions from taking place by passing the Baucus amendment to H.R. 4213, in which Section 601 delays the SGR cut until October 1, 2010. Ultimately Congress must replace the flawed SGR formula with one that responsibly addresses provider payments.

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