

# APA Practice Organization Information Alert

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**Date:** December 18, 2008

**To:** SPTA and Division Federal Advocacy Coordinators  
APAGS Coordinators

**From:** Marilyn Richmond, J.D., Assistant Executive Director for Government Relations  
American Psychological Association Practice Organization

**Cc:** Katherine Nordal, Ph.D., Executive Director for Professional Practice  
SPTA Executive Directors  
SPTA Directors of Professional Affairs  
CAPP

**Re:** **2009 Medicare Fee Schedule: Highlights for Psychologists**

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On November 19, the Centers for Medicare and Medicaid Services (CMS) published in the *Federal Register* the final rule containing the 2009 Medicare Fee Schedule. Following is a summary of related developments that affect practicing psychologists.

## **Fees for Selected Psychotherapy Services**

Beginning January 1, 2009, the average\* Medicare fees for selected psychology services will be:

<b>CPT© Code</b>	<b>Description</b>	<b>2009 In-Office Fee**</b>	<b>2009 Facility Fee**</b>
90801	Psych diag. interview	\$152.92	\$128.04
90806	45-50 min. psychotherapy	\$93.54	\$87.10
96101	Psych test by psychologist	\$84.40	\$84.04
96102	Psych test by tech.	\$51.21	\$22.72
96116	Neurobehav. Status exam	\$95.58	\$90.53
96118	Neuropsych test by psych	\$108.20	\$88.36
96119	Neuorpsych test by tech.	\$74.30	\$31.02
96150	Health/Behav. Assessmt.	\$22.72	\$22.36
96152	Health/Behav. Intervent.	\$20.92	\$20.56

\*Medicare fees vary across localities due to geographic adjustments. Psychologists should check their Medicare carrier Web sites for local fee schedules.

\*\* In-office services are those provided in an outpatient office setting. Facility services are those provided in hospitals or similar settings.

### **Impact of 2008 Medicare Law**

Seeking appropriate reimbursement levels for psychological services is a top advocacy priority for the APA Practice Organization (APAPO). In June 2008, Congress passed the Medicare Improvement for Patients and Providers Act (MIPPA). The APAPO's lobbying efforts resulted in a MIPPA provision that applies a 5 percent increase in payments for psychotherapy services, following steep Medicare payment cuts in 2007. This payment increase took effect in July 2008 and will continue through 2009. However, the increase is offset for some services by changes in the Medicare payment formula discussed in the next section.

### **Changes to the Medicare Payment Formula**

The Medicare payment formula consists of three types of relative value units (RVUs) and the conversion factor that translates those units into a dollar amount. The average Medicare fee is derived by adding together each of the relative values—work, practice expense and malpractice—and then multiplying that sum by the conversion factor.

The conversion factor for 2009 will be \$36.066. While this is a decrease from 2008, MIPPA adjusted the payment formula in a manner that favors the majority of Medicare providers, including psychologists. The federal law set the conversion factor update at a positive 1.1 percent. Prior to passing the provision in MIPPA, the “update” would have been a *negative* 16 percent.

In addition to boosting the conversion factor's annual update, MIPPA re-allocated a previous cut to the work relative value units. In 2007 and 2008, the work relative values were reduced by an average of 11 percent. This adjustment was made in order for Medicare to maintain budget neutrality. Since work values tend to account for more than 50 percent of total payment for a service, reducing the work values by such a percentage had a significant adverse effect on payment for many services.

In 2009, CMS agreed to remove that adjustment from the work value and instead apply a reduction of nearly 5 percent to the conversion factor. For psychology, the work value accounts for more than 70 percent of the total fees for most services. Shifting the budget neutrality adjustment away from work value and applying it to the conversion factor alleviates some of the payment reductions.

Yet it is important to note that, in addition to this favorable change, CMS is in its third year of a four-year phase-in that revises the methodology for calculating practice expense relative values. Decreases in practice expense values may reduce overall payments for some psychological services in 2009.

The APAPO has been participating in a comprehensive survey process with 70 other provider organizations to gather current data reflecting the actual costs of providing psychological and medical services. CMS has indicated interest in reviewing the data for possible inclusion in the practice expense methodology.

### **Psychology Services in CORFs**

A new code for 2009 has been developed for services provided in Comprehensive Outpatient Rehabilitation Facilities (CORFs). As applicable, psychologists who work in a CORF will use Code

G0409 for “social work and psychological services directly related to and/or for the patient’s rehabilitation goals; 15 minutes, face-to-face.”

CMS has taken the position that social work and psychological services provided in a CORF focus only on care that will aid in improving a patient’s rehabilitation. The APA Practice Organization had recommended to CMS that CORF services should be billed using the existing health and behavior codes, but CMS intends to implement the new code.

### **Medicare Enrollment Changes**

Medicare is revising its enrollment process in light of a shift to electronic enrollment of new providers. CMS has compressed the amount of time that a new provider may bill for services prior to completing the enrollment process. Until now, providers could bill for services rendered for up to 27 months before their being enrolled as a Medicare provider. Beginning in 2009, CMS will allow new providers to bill retrospectively for services up to only 30 days prior to their effective date for billing Medicare. The 30-day window will begin once the enrolling provider has met all of Medicare’s enrollment requirements, such as having a National Provider Identification number, properly completing all of the enrollment forms and meeting state licensure requirements.

### **Telehealth Services**

In addition to changes in payments for psychological services, CMS indicated in the rule that it would consider adding health and behavior services to the list of approved telehealth services in 2010. The APAPO requested this addition earlier this year and will be submitting additional documentation to the agency supporting the inclusion of these services.

### **Further Information**

Members are welcome to contact the APA Practice Organization Government Relations Office at 1-800-374-2723 x5889 or send an email to [pracgovt@apa.org](mailto:pracgovt@apa.org) with any questions about the 2009 Medicare Fee Schedule.