

CMS Payment Rule Gravely Impacts Medicare Mental Health Services

by Government Relations

Background

In its June 29th 5-year review proposed rule (71 Fed. Reg. 37170), CMS proposes to increase payments for Medicare physician evaluation and management (E&M) codes, increasing Medicare costs by \$4.5 billion. To be budget neutral, CMS will cut work relative value units (RVUs) for all Medicare services.

Medicare mental health and testing services are the hardest hit by CMS' proposed rule, which will take effect on January 1, 2007. Psychologists and social workers, who provide almost all of the psychotherapy and testing services for Medicare patients, will face a 9% cut in reimbursement related to cuts in work RVUs and practice expense adjustments. **This cut is in addition to the SGR 5.1% cut.**

With a 14% cut in psychologists' and social workers' Medicare reimbursement, many Medicare beneficiaries will lose access to mental health and testing services, as psychologists and social workers reduce their caseloads or leave Medicare all together. E&M services are important and undervalued. E&M payments should be increased but not at the sacrifice of Medicare mental health services. Psychologists and social workers are not eligible for E&M reimbursement and should not shoulder the burden for the increase in payments for E&M services.

Psychologists and social workers are particularly hard hit by the work RVU cut to increase physician E&M payments because CMS does not, but should allow, these providers to be reimbursed for the E&M services they provide. Psychologists and social workers perform many E&M functions, including establishing diagnosis and treatment options, analyzing tests and records, counseling and coordinating care, but CMS has not allowed psychologists and social workers to bill for E&M services, under a rationale that since these providers cannot bill for each and every E&M code, they should not bill for any of them.

Solution

Psychologists and social workers should be made eligible for E&M reimbursement by January 2007 for the services they provide. In this way, if mental health services are cut, psychologists and social workers will be able to more accurately bill for the actual services that they provide.

Alternatively, remove psychologists and social workers from the proposed work RVU cut. Removing psychologists and social workers from the cut would reduce CMS's budget neutrality adjuster by a mere \$34 million of the \$4.5 billion proposal. (This estimation is based on applying Medicare's 5% reduction in total Medicare payments to psychologists and social workers to achieve budget neutrality.)

The AMA and several medical specialties are urging CMS to reduce the conversion factor, rather than the work RVUs for budget neutrality purposes. While this may be helpful, it will do little to ease the reimbursement cut that psychologists and social workers face under this proposed rule.



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