

Urgent
 Action
Required
 For Your
Information

APA Practice
Organization

Information Alert

Date: December 15, 2009

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: **Update on 2010 Medicare Fee Schedules**

Psychologists will see payment amounts in the 2010 fee schedules posted by their Medicare Administrative Contractors (MACs) that are considerably lower than 2009 Medicare fees. These lower fees will not likely go into effect because Congress is expected to pass two key Medicare reimbursement provisions that will address these lower payment amounts. The APA Practice Organization is actively working with Congress on these two provisions.

The payment formula that the Centers for Medicare and Medicaid Services are required to implement each year contains a factor known as the **Sustainable Growth Rate (SGR)**. As you know, for 2010 the SGR imposes a 21.2% reduction in payments for **all Medicare services, including psychologists' services**. Your local MAC provides information on the projected payment amounts to all practitioners by posting the upcoming fee schedule that assumes Congress will not block this cut. In addition to the SGR cut, the 2010 fee schedules do not include the **5% restoration for psychotherapy** because Congress has not yet extended these payments.

As it has in past years, we anticipate that Congress will address these payment cuts shortly. Congress has stopped the SGR cuts from going into effect every year since 2002. With our support the House recently passed health reform legislation replacing the 21.2% cut with a 1% increase for 2010, and permanently repealing the SGR formula in the law. The health reform bill pending on the Senate floor delays the SGR cut for one year and replaces it with a half percent increase.

Since the House and Senate health reform bills are unlikely to pass before these cuts occur and considering the urgency of these impending cuts, Congress is considering action that would offset the projected reductions for January 2010. This may block the SGR cut and extend our 5% restoration for psychotherapy services for a year through legislation that must pass this month. Congress may maintain the current 2009 payment amounts for up to two months, so that Medicare fixes may pass along with the health care reform legislation. Any reductions for these two months will likely be addressed retroactively.

All this is to say that Congress will likely address these cuts before they are implemented. However, one change to the 2010 fees that will not be affected by impending Congressional action is the reduction in practice expense of about 2% on average for all psychological services. This change was discussed in our November 24, 2009 Information Alert about the fee schedule changes.