The Provider Reimbursement Stability Act (H.R. 8163/S. 5180)

Position

APTA strongly supports the Provider Reimbursement Stability Act (H.R. 8163/S. 5180), bipartisan legislation that would help stabilize and strengthen the Medicare Physician Fee Schedule, ensuring fair payment rates for healthcare providers and continued access to critical healthcare professionals for Medicare beneficiaries. H.R. 8163/S. 5180 is sponsored in the House of Representatives by Rep. Greg Murphy, R-N.C., and in the Senate by Sens. John Boozman, R-Ark., and Peter Welch, D-Vt.

Background

Healthcare providers, including physical therapists, continue to face an increasingly challenging environment for providing Medicare beneficiaries with access to timely and quality care. Providers who bill under the Medicare Physician Fee Schedule do not automatically receive an annual inflationary update. Without an inflation-based update, the gap between diminishing fee schedule payment rates and rising practice costs due to inflation continues to widen considerably. This increasing discrepancy, combined with the administrative and financial burden of participating in Medicare, is contributing to provider burnout and decreased patient access to care. While Congress has frequently taken action to mitigate some of the recent Medicare Physician Fee Schedule cuts on a temporary basis, payment continues to decline. The failure of the fee schedule to keep pace with the true cost of providing care, combined with year-over-year cuts resulting from the application of budget-neutrality requirements, sequestration, and the lack of alternative payment or value-based care models, clearly demonstrates that the Medicare payment system is broken. Increasingly thin operating margins disproportionately affect small, independent practices, especially those in medically underserved regions.

Solution

H.R. 8163/S. 5180 would improve and stabilize payment for providers by enacting the following reforms to the fee schedule:

Increase the Budget-Neutrality Threshold. Annual cuts to the Medicare Physician Fee Schedule are triggered by a policy known as budget neutrality, which mandates that any estimated increases of $20 million or more to the fee schedule, resulting from upward payment adjustments or the addition of new procedures or services, must be automatically offset by cuts elsewhere. This rigid $20 million threshold has not been updated since 1992, despite a growing beneficiary population and the increasing number of medical procedures formerly performed in the inpatient setting that now are now performed in the outpatient setting and billed to the fee schedule. The legislation would increase the budget-neutrality threshold from $20 million to $57.64 million and index the threshold to the cumulative percentage increase in the Medicare Economic Index every five years to address rising practice costs. Increasing the threshold would reduce the triggering of automatic, across-the-board cuts to the fee schedule, permitting needed spending flexibility to address beneficiary needs without imposing cuts on all providers.

Improve Utilization Accuracy. This legislation would require the Centers for Medicare & Medicaid Services to use actual claims data as the basis for calculating budget-neutrality adjustments instead of relying on patient utilization projections.

Provide Timely Updates to Direct Costs. The bill would also require CMS to update information on the direct costs of operating a private medical practice, notably employee salaries and prices of medical supplies and equipment, at least every five years. Such information is necessary to understand the increasing costs of operating a practice and to determine the effects of reimbursement levels.

Limit Annual Conversion Factor Variances. Changes in the payment rates under the fee schedule can vary significantly from year to year, creating uncertainty for practices and providers. This legislation would provide stability by limiting the variation of the conversion factor to no more than 2.5% from the previous year.

Endorsements

This legislation is endorsed by APTA and dozens of healthcare provider groups including the American Medical Association, American Association of Neurological Surgeons, American College of Rheumatology, College of American Pathologists, American College of Cardiology, American Osteopathic Association, American Academy of Family Physicians, American Psychological Association Services, American Medical Group Association, American Psychiatric Association, American College of Radiology, American Academy of Allergy, Asthma and Immunology, and American Urological Association.

Facts About Physical Therapists and Physical Therapist Assistants

Who We Are

Physical therapists are movement experts who help to optimize people's physical function, movement, performance, health, quality of life, and well-being. Physical therapists evaluate, diagnose, and manage movement conditions for individuals, and they also provide contributions to public health services aimed at improving population health and the human experience. Physical therapist assistants are educated and licensed or certified clinicians who provide care under the direction and supervision of a licensed physical therapist. PTs and PTAs care for people of all ages and abilities.

What We Do

After performing an evaluation and making a diagnosis, physical therapists create and implement personalized plans based on best available evidence to help their patients improve mobility, manage pain and other chronic conditions, recover from injury, and prevent future injury and chronic disease. PTs and PTAs empower people to be active participants in their care and well-being. They practice collaboratively with other health professionals to ensure the best clinical outcomes.

Where We Practice

PTs and PTAs provide services to people in a variety of settings, including outpatient clinics or offices; hospitals; inpatient rehabilitation facilities; skilled nursing, extended care, or subacute facilities; education or research centers; schools; community centers; hospices; industrial, workplace, or other occupational environments; and fitness centers and sports training facilities.

The Economic Value of Physical Therapy in the United States

A September 2023 report from the American Physical Therapy Association outlines the cost-effectiveness and economic value of physical therapist services for a broad range of common conditions. "The Economic Value of Physical Therapy in the United States" reinforces the importance of physical therapists and physical therapist assistants in improving patient outcomes and decreasing downstream costs. Policymakers should use this report to inform legislative and regulatory efforts for health care delivery and payment under Medicare, Medicaid, and commercial payers. **Review the findings at ValueofPT.com.**

Education and Licensure

As of 2016, all PTs must receive a doctor of physical therapy degree from an accredited physical therapist education program before taking and passing a national licensure exam that permits them to practice. Licensure is required in each state (or other jurisdiction, including the District of Columbia, Puerto Rico, and the U.S. Virgin Islands) in which a PT practices. PTAs must complete a two-year associate's degree from an accredited physical therapist assistant program and pass a national exam. State licensure or certification is required in each state (or jurisdiction) in which a PTA works.

American Physical Therapy Association

The American Physical Therapy Association is a national organization representing 100,000 physical therapists, physical therapist assistants, and students of physical therapy nationwide. Our mission is to build a community that advances the profession of physical therapy to improve the health of society.

Co-sponsor H.R. 8163/S. 5180 today!

For more information and contact info for APTA Government Affairs staff, scan here or visit apta.org/position-paper.

APTA American Physical Therapy Association