

- Urgent
 Action
Required
 For Your
Information

APA Practice Organization

Action Alert

Date: December 11, 2006

To: State and Practice Division Federal Advocacy Coordinators, APAGS Coordinators, State Psychological Association Executive Directors and CAPP

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

Cc: Russ Newman, Executive Director

Re: **Part of Medicare Cut Stopped by Congress**

I am pleased to report that Congress on December 9 voted to eliminate the 5% cut that would have been imposed on all Medicare providers beginning on January 1, 2007. As its last act before adjourning for the year, Congress passed the Tax Relief and Health Care Act (H.R. 6111), a massive bill that included a section eliminating the 5% sustainable growth rate (SGR) Medicare cut. In addition, the bill allows for a 1.5% bonus-incentive payment for providers who voluntarily report quality measures from July 2007 through 2008 in a process outlined in the bill. Psychologists are among the Medicare providers who will be eligible for these bonus payments.

Quality reporting for 2007 will not begin until July 1st and will involve quality measures now being used in the CMS Physician Voluntary Reporting Program (PVRP). Although many of these measures were developed by a physician consortium, non-physicians such as psychologists will be able to report data under any applicable measure. APA is now reviewing the quality measures in place under the PVRP to determine how they could be utilized by psychologists. For 2008, the program will involve quality measures that have been developed through a consensus-based process. APA will closely monitor this process to ensure that appropriate quality measures are developed for psychology.

Preventing the SGR cut is an important victory for us and the other provider groups that were working the issue in the closing hours of this Congress. We have been fortunate to prevent similar cuts in recent years, but we will face them in future years unless Congress changes the provider reimbursement formula. However, the new Congress is signaling that it will look closely at ways to improve the Medicare program next year, and we will be suggesting that having annual across-the-board reimbursement cuts to contain program costs is not a good way to operate the system.

Unfortunately, despite our best efforts, we were unable to gain inclusion in this legislation a provision to block the additional 9% cut scheduled for mental health services, which is occurring through a Centers for Medicare and Medicaid Services (CMS) "5-year review" regulation that was finalized in November. I described this cut in our Action Alerts on September 29th and October 18th where CMS will increase

Medicare Part B payments for the provision of evaluation and management (E&M) services but, to be budget neutral as required by law, CMS is cutting all provider reimbursements in its payment formula. As a result, psychologists will sustain this cut beginning January 1st. Addressing this cut in this legislation was a long-shot, but it solidifies our efforts in the coming weeks.

As you know, we had been working to convince Congress to eliminate the 5-year review cuts as they apply to mental health services. While E&M services are important, psychologists and social workers, as the primary Medicare mental health services providers, are not eligible to provide them and should not shoulder a burden for their increase. Thus, our dual strategy has been to ask Congress to exempt psychologists entirely from the impact of the cuts that will be used to pay higher rates for E&M services, or make psychologist services eligible to use E&M. We now have strong bipartisan support among key members of Congress to alleviate these cuts through either of these approaches, but Congress ultimately decided in this legislation only to address the SGR cut and other Medicare provisions that were about to expire under existing law.

We have great momentum to address the 5-year review cuts when the new Congress begins business in January. As you know, with the November elections, the Congressional political landscape has changed favorably for health care issues. As mentioned, we now have strong support from key members of Congress to alleviate these cuts, and will be seeking a resolution as early as possible in the coming weeks, with a retroactive adjustment.

On behalf of the Government Relations Office, I want to thank you for your efforts in addressing these Medicare cuts. We could not possibly have made this much progress in so little time without your help. We will be continuing to ask you for your help and support in addressing these cuts and look forward to working with you next year.