

Background/Trends on Multiple Procedure Payment Reduction Policy

In January 2011, CMS implemented a policy calling for multiple procedure payment reduction to “always therapy” services. Under this policy, the procedure with the highest practice expense value that day is paid at 100%, and the practice expense values for subsequent codes are reduced when multiple therapy services are billed to the same patient on the same day. The work and malpractice components of the therapy service payment are not reduced.

From Jan. 1, 2011, to March 31, 2013, the MPPR included a 20% reduction to the practice expense for subsequent codes for non-facility providers and a 25% reduction for facility providers. The MPPR increased to 50% for subsequent codes for providers in all settings on April 1, 2013. For Medicare beneficiaries, the reduction is 50% for subsequent codes for providers in all outpatient settings. For other insurers, the amount of the reduction varies by payer and insurance plan. As physical therapists typically deliver a variety of services billed using CPT codes, there are numerous potential code combinations that, when filed as part of a claim, determine the total payment for services on a given day.

Under an alternative MPPR policy, the payer may implement a tiered approach that reimburses the highest valued service at 100% and subsequent services at a lower percentage than the highest valued service. For example, if a patient visits the physical therapist and receives 15 minutes of therapeutic exercise and 30 minutes of manual therapy, the therapist reports one unit of 97110 and two units of 97140. Therapeutic exercise is the highest-valued procedure; therefore, 97110 is reimbursed at 100% of the allowable charge. Manual therapy is paid at a reduced rate, such as 75% of the allowable charge.

Other payers use a third policy: reducing payment by the number of units billed. Using the example above, the payment for the first unit of manual therapy is reduced and the second unit is reduced even further. Under this third policy, the payer will pay 75% for the CPT Code 97140, the first subsequent service unit (following 100% payment for CPT Code 97110 [therapeutic exercise], the highest-valued service) and 50% for the second subsequent service unit of manual therapy (CPT Code 97140). The reduction in payment by the number of units billed limits patient access to the physical therapist. The value of each procedure and the work required to provide those services are not reduced simply because multiple services are delivered on the same date of service.

As with most payment policy changes implemented by CMS, variations of MPPR are used by many commercial payers and some workers’ compensation carriers. The discounts applied by these payers are often significantly higher than those imposed by Medicare.