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MEMORANDUM

TO: RHCF and Community Services Members

FROM: Patrick Cucinelli, Senior Financial Policy Analyst

DATE: July 11, 2008

SUBJECT: **Important Update on Therapy Caps and Physician Payments**

ROUTE TO: Administrator, CFO

ABSTRACT: Update on Medicare therapy caps and physician reimbursement.

Introduction

In December of 2007, Congress passed the *Medicare, Medicaid, and SCHIP Extension Act of 2007*, which included provisions to override the then proposed 10.1 percent reduction in the Medicare Physician Fee Schedule (MPFS) and extend the exceptions process for the financial limitation on outpatient therapy services (the “therapy caps”). Both of these provisions, however, expired as of June 30, 2008.

Congress Passes H.R. 6331

On July 9, 2008 Congress voted to approve [*H.R. 6331 - The Medicare Improvements for Patients and Providers Act of 2008 \(the Act\)*](#) by significant margins of 355 to 59 in the House and 69 to 30 in the Senate. These numbers are significant because the President has indicated he may veto the bill. Since a 2/3 vote is required to override, a veto-proof majority is 290 in the House and 67 in the Senate.

The Act passed by Congress renews the therapy caps exceptions process and places a moratorium on the 10.6 percent reduction in the Medicare Physician Fee Schedule (MPFS). Providers need to keep in mind, however, that the legislation does not become law until signed by the President. A White House veto of the measure could result in a delay of several days in enacting the law as Congress would then have to re-vote to override. The Act contains a number

of significant refinements to various aspects of the Medicare program that are unrelated to either the therapy caps or the MPFS reduction. It is with regard to some of these additional changes that the White House has threatened a veto.

Therefore, the therapy caps and the payment reduction are still in effect, until the Medicare bill becomes law. Much of the pressure on Congress to pass this Act came from the medical profession to prevent the 10.6 percent reimbursement cut for doctors. [NYAHSA Doc. ID # N00002538](#) provides members with guidance from the Centers for Medicare and Medicaid Services (CMS) on how to handle claims submissions during this interim period while Congress and the White House continue to debate this issue. CMS has indicated, however, that they cannot prevent payment cuts much beyond July 15th.

NYAHSA, along with AAHSA, is continuing to closely monitor the situation and will advise members as appropriate. NYAHSA is also grateful to our many members who supported the strong advocacy effort needed to have Congress decisively act to address these issues.

Please contact me with any questions at pcucinelli@nyahsa.org or call 518-449-2707 ext. 145.