

Submitted via email to dkelley@medpac.gov

The American Occupational Therapy Association (AOTA) is the national professional association representing the interests of more than 244,000 occupational therapists, occupational therapy assistants, and students of occupational therapy. The science-driven, evidence-based practice of occupational therapy (OT) enables people of all ages to live life to its fullest by promoting health and minimizing the functional effects of illness, injury, and disability. Outpatient OT services are reimbursed under the Medicare Physician Fee Schedule (MPFS) and affected by Medicare Part B payment policies under the Quality Payment Program (QPP). Additionally, Medicare Part B services provided by institutional providers, such as skilled nursing facilities and hospital outpatient departments, are paid based on the values established under the MPFS. We appreciated the discussion on the March 6, 2025, MedPAC meeting on *Reforming PFS Updates and Improving Relative Payment Accuracy*. AOTA would like to share feedback on the commentary provided during the meeting based on the current state of the OT profession and our members' experiences with providing OT services both paid for as part of the MPFS or based on the MPFS¹.

During the March 6 meeting as well as past presentations and testimony, MedPAC has highlighted several key indicators of MPFS health and accessibility as positive signs that the MPFS system is working in the short term. Comments during the presentation and earlier testimony suggested that these key indicators were positive; the MPFS was successfully working in the short term and that the focus of reform should be solely on more long-term reform. AOTA believes that while physician-centric data may support short term health of the system, the data presented by MedPAC overlooks the stark reality experienced by other services payable under the MPFS, especially occupational therapy. The direct experience of OT practitioners (OTPs) under the MPFS paints a vastly different picture and suggests that more immediate reform is critical to ensure continued viability of and access to therapy services.

Premise 1: Clinicians are accepting Medicare at rates similar to commercial insurance despite lower payment associated with Medicare.

While physicians may be electing to keep serving Medicare beneficiaries through the MPFS despite lower payment instead of opting-out of Medicare entirely, therapy practitioners do not have that choice—unlike physicians and most other clinical providers, therapy providers including OT, physical therapy, and speech-language pathology *cannot* opt-out of Medicare. This means OTPs cannot see *any* Medicare beneficiaries unless they are willing to accept the lower Medicare payment rates as they are not allowed to charge beneficiaries a cash price for services. This creates a false impression of stability in the MedPAC data. Given the choice of not being able to treat anyone over the age of 65 or accepting lower payments, OTPs are forced to accept Medicare's rates. Not being able to opt-out of Medicare to charge Medicare beneficiaries at better rates is one of several stressors that has led approximately 27% of OTPs to seek employment outside of the traditional healthcare system or consider leaving the

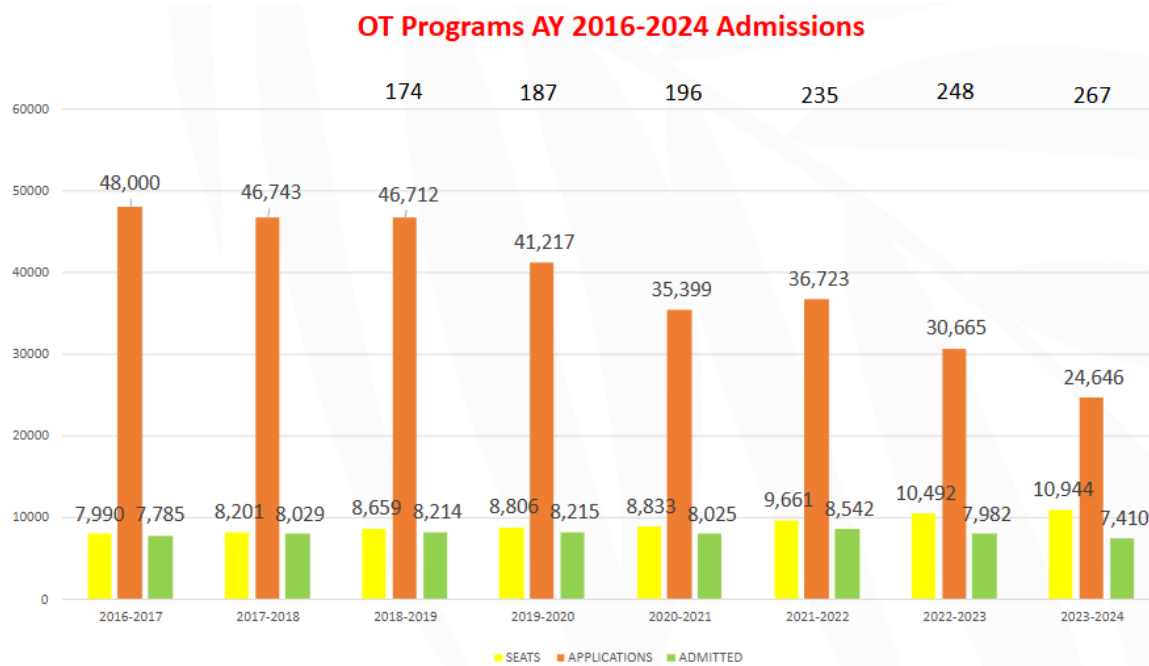
¹ Data presented from Health Management Associates includes Part B payments for therapy services across all outpatient settings, not just those provided in private practice as all of outpatient therapy services are directly impacted by the MPFS payment rates for therapy services.

profession entirely according to a 2023 study conducted by AOTA.² Fewer OTPs means fewer Medicare beneficiaries can receive OT services and those that do may have longer wait times to initiate care.

Premise 2: The number of applicants to medical schools has grown.

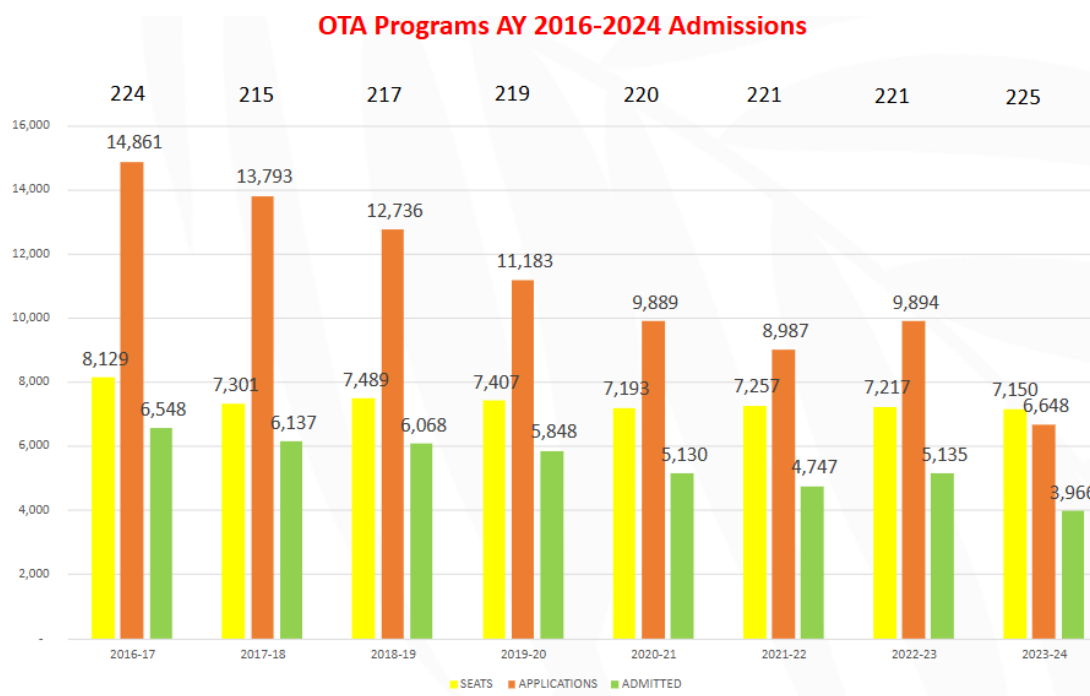
While MedPAC data may support that applicants to schools of medicine is growing, reimbursement challenges resulting from multiple years of cuts have created a dissatisfied OT workforce that has negatively impacted growth in OT school enrollments. Each year, a growing number of seats are going unfilled. For the admission years 2016 to 2024 there was a 49% decrease in applications to OT school (Figure 1) and a 55% decrease in applicants to OTA school (Figure 2). In addition to the low number of applicants, there was also a decrease in the number of students admitted, with the largest decrease for OTA students.

Figure 1



² AOTA 2023 Compensation and Workforce Survey Report

Figure 2



The U.S. Bureau of Labor Statistics projects that over the next ten years, there will be a 14% increase in the need for occupational therapists and a 25% increase in employment opportunities for occupational therapy assistants³. For both OTs and OTAs, but especially for OTAs who provide 46% of Part B services in rural and medically underserved areas^{4,5}, this compounding decrease in applicants and admissions is especially concerning for workforce availability to serve the needs of Medicare beneficiaries most at risk for being underserved.

Premise 3: Clinician incomes have kept pace with inflation over the long-term.

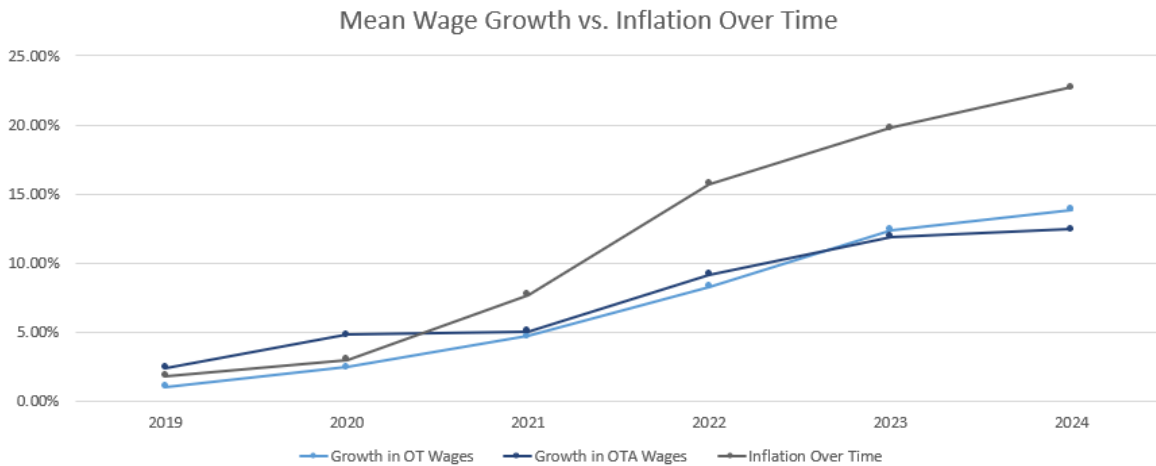
Presented MedPAC data identifies that physician incomes have kept pace with inflation over the long-term, but that has not been the case for non-physician providers. For OTPs in particular, year over year cuts used to pay for physician payment, along with other stressors exasperated by the COVID-19 pandemic, have caused incomes for OTs and OTAs to significantly lag behind inflation over the past 4 years and salaries are not recovering fast enough to catch up to ongoing inflationary increases. This is particularly true for OTAs. Based on the trajectory of inflationary growth, OTP salaries are unlikely to reach inflationary numbers anytime in the near future (see Figure 3).

³ <https://www.aota.org/-/media/corporate/files/advocacy/federal/testimony/2023/rural-health-rfi-aota-comments-102023.pdf>

⁴ Dobson DaVanzo analysis of CY 2021 Medicare Carrier and Outpatient Research Identifiable Files <https://acrobat.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Aafa395e4-8b46-30fc-9687-fd85ecb1aa95&viewer%21megaVerb=group-discover>

⁵ <https://www.aota.org/-/media/corporate/files/advocacy/federal/otaworkforceisnfsfinalreport922.pdf>

Figure 3⁶



Premise 4: Increases in volume and intensity of care have occurred across provider types and help offset the lack of inflationary increases to the MPFS.

In the October 2023 testimony before Congress, Paul Masi stated, “Medicare’s spending per FFS beneficiary on clinician services has increased twice as fast as MEI growth over the last two decades (94 percent vs. 45 percent), suggesting continued growth in clinicians’ Medicare revenues.” The testimony stated that this was mostly driven by the number of services received per beneficiary and increases in the intensity of those services⁷. While this pattern may be true across FFS, it does not hold true for therapy services. The only CPT ® codes utilized by occupational and physical therapy practitioners -- that vary by the intensity of services provided -- are the evaluation codes. These evaluation codes are paid at the same rate, whether a low, medium, or high intensity code is billed. Further, the number of claims per beneficiary decreased between 2009 and 2023 for physical therapy (-6%) and occupational therapy (-3%).⁸ These numbers demonstrate that therapy providers have not been able to increase their revenues through increasing the volume and intensity of services as physicians have.

While total Medicare payments for therapy services have seen a moderate increase during this period (49%) and total volume of claims has increased (57%), this growth is directly attributable to an increase in the number of Medicare beneficiaries receiving therapy services, not an increase in volume of services per beneficiary. The increase in the number of beneficiaries receiving outpatient services can be attributed to several factors including the aging population and growing enrollment in Medicare. However, the recent downward trend in the volume of Part A services being provided across settings has and will continue to drive more beneficiaries to

⁶ Data from BLS Occupational Employment and Wage Statistics May reports. <https://www.bls.gov/oes/> pulled on April 8, 2025.

⁷ https://www.medpac.gov/wp-content/uploads/2023/10/10192023_MedPAC_testimony_EnsuringMedicareBeneficiaryAccess_ReducingProviderBurden_SEC.pdf

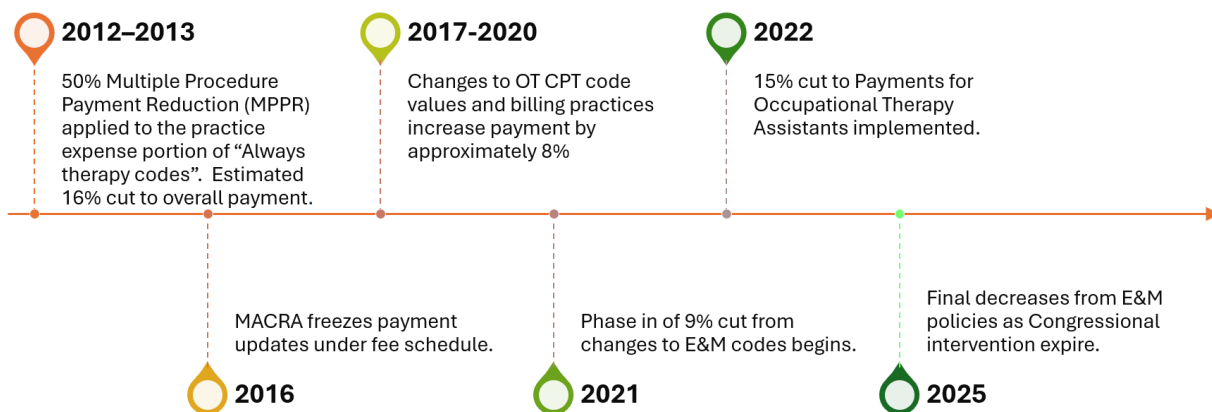
⁸ Report on Part B Outpatient Therapy Prepared for AOTA by Health Management Associates.

receive therapy services under Medicare Part B, as fewer of these services are provided as part of acute hospital stays or in post-acute care. This shift, and the resulting cost saving to the overall Medicare system, must be taken into account when examining growth in therapy services, and total costs.

Premise 5: Changes to Evaluation and Management Codes designed to improve access to primary care services only affected highly paid specialties.

Unlike most other medical specialties, therapy providers are not allowed to bill E/M codes, meaning therapy practitioners received some of the highest cuts, due to the increase in the value of E/M codes and the new complexity add on codes⁹. The decreases that occurred as a result of the E/M value changes build on a decade of cuts to therapy services (see Figure 4). Starting in 2012 a multiple procedure payment reduction has been applied to the practice expense portion of therapy services. Since 2022, a 15% reduction has been applied to all services provided by occupational therapy assistants. These cuts are coupled with the freezes to the MPFS implemented by MACRA and limited opportunities to receive payment bonus through the QPP due to barriers with participation by OTPs within the Merit-based Incentive Payment System (MIPS). These barriers include a lack of appropriate quality and cost measures, challenges with interoperability for smaller practices, and difficulties with building new measures due to physician-centric practices within measure development.

Figure 4



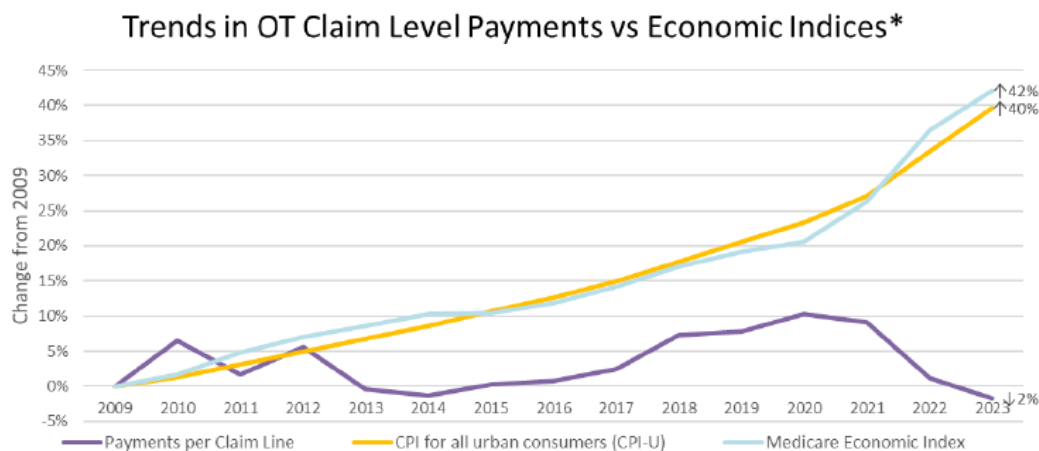
Need for Immediate Reform

The current MPFS does not meet the needs of therapy providers, especially OTPs. For this reason, immediate reform is necessary to ensure that Medicare beneficiaries can continue to access appropriate therapy services both now and in the future. Over the past decade and a half, OTPs and other therapy providers have been particularly hard hit by measures designed to help physicians, most recently the redistribution of resources in the MPFS to increase payments for Evaluation & Management (E/M) codes and the complexity add on code. An analysis of MPFS therapy claims data from 2009-2023 by Health Management Associations highlights how

⁹ CY2021 Combined Specialty Impact Table from the American Medical Association. <https://www.ama-assn.org/system/files/2021-01/2020-combined-impact-table.pdf>

these reimbursement cuts are impacting the sustainability of OT services under the MPFS. According to the data, actual payments per claim line for OT services have *decreased* by 2% over the last 14 years, in real, non-inflationary dollars (see Figure 5) and the average payment per claim line for all therapy services has remained relatively constant with only a \$0.83 (3%) increase over those 14 years.

Figure 5



While inflation has increased by over 40%, OTPs are receiving a lower payment for services under the MPFS than they were receiving in 2009. Because their payment is tied to MPFS instead of the outpatient prospective payment system (OPPS), institutional providers have been disproportionately impacted by these cuts as they are neither eligible for hospital market-based updates or able to glean quality bonus payments through MIPS--leaving them with no recourse to address stagnant therapy payment rates.

This ongoing cumulative payment crisis creates a system where therapy services are reimbursed less and less every year. Current trends suggest that there may be fewer OTPs available to provide OT services, as more and more OTPs leave the profession or seek cash-based revenue streams outside of traditional therapy, and fewer students enter OT programs to replace them—all despite the growing need for beneficiary access to medically necessary and beneficial OT services that have proven cost savings¹⁰.

With the majority of therapy codes being time-based codes, all of these factors together have put tremendous pressure on therapy practitioners to increase their productivity in order to stay in business. Our surveys and discussions with AOTA membership show that the impacts of these productivity demands are burn out and moral distress, with many practitioners actively telling prospective students to choose a different profession. In what other profession would employees be expected to receive the same payment for services that they received 14 years ago, without any recourse, since they do not have the option to leave the system? How can

¹⁰ <https://www.aota.org/-/media/corporate/files/advocacy/federal/fact-sheets/medicarehomehealthaccessibilityactfactsheet2023.pdf>

employers and practice owners afford to pay their clinicians or stay in business when inflation is so high, salary demands reflect the rest of the economy, and yet reimbursement is so low?

For the reasons shared above, AOTA believes that more immediate action is needed to help therapy practices remain viable within the MPFS system. **We strongly support the proposed annual inflationary payment update and encourage MedPAC to recommend immediate action by Congress to set reform into action.** Providing an annual inflation update equal to the MEI for fee schedule payments is essential to enabling practices to better absorb payment distributions triggered by budget neutrality rules, performance adjustments, and periods of high inflation. We further believe that **additional reforms such as removing high cost, disposable supplies and improving representation by therapy practitioners within MIPS measure development must be evaluated to further improve therapy providers' experience and success.** A more stable payment system will help providers to invest in their practices and implement new strategies to provide high-value quality care to Medicare beneficiaries.

AOTA requests that MedPAC study the specific difficulties faced by therapy providers reimbursed through the MPFS and make recommendations on reforms that could directly and positively impact therapy services and ensure that these services are available to Medicare beneficiaries in the future.

Thank you for the opportunity to submit these comments on behalf of the occupational therapy profession. AOTA would greatly appreciate the opportunity to meet with MedPAC commissioners or staff to further discuss the unique challenges currently being experienced by occupational therapy providers under the MPFS to help inform MedPAC's future efforts. Please reach out to Kim Karr at kkarr@aota.org with questions or comments.

Sincerely,



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