



# Safeguard Psychologists' Services From Harmful Medicare Reimbursement Cuts

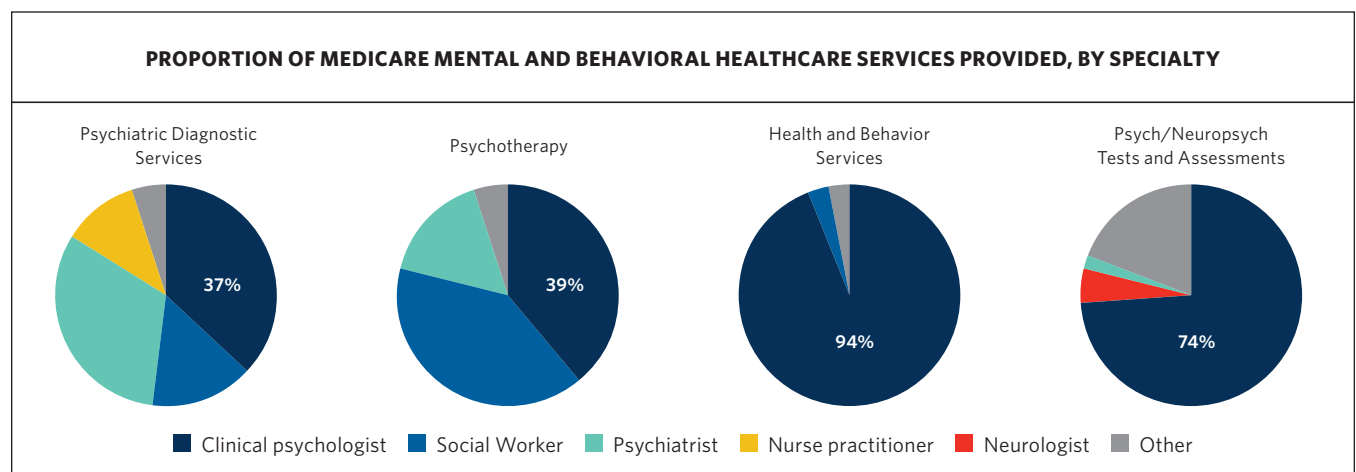
The Centers for Medicare and Medicaid Services (CMS) is projecting a 7% reduction in psychologists' payment rates in 2021. Medicare patient access to their services will be greatly reduced, impacting many communities already in dire need of treatment for mental health and substance use disorders.

CMS is proposing to sharply reduce reimbursement rates for services provided by several health care specialists, including psychologists and other mental and behavioral health service providers, in order to pay for increased payments for evaluation and management (E/M) services provided by physicians and other qualified providers beginning in 2021. **If adopted, the proposed cuts will lead many psychologists to leave Medicare at a time when patients desperately need better access to behavioral healthcare.**

**Reducing access to behavioral health services will harm patients, and lead to cost increases in other areas.** Inadequate access to psychological services can lead to unnecessary utilization of emergency rooms, more frequent hospitalizations, overuse of opioids and other psychotropic prescription drugs, and wasteful spending on ineffective dementia care.

**Medicare beneficiaries suffer from inadequate access to mental health specialists.** Fewer than half of U.S. adults with a mental illness receive mental health services, and treatment typically consists of a general medical professional prescribing a psychotropic drug, in many cases without a psychiatric diagnosis having been established. By 2030 demographic trends will increase Medicare's beneficiary population by roughly one-third, to an estimated 80 million beneficiaries, yet over this same time period, the number of practicing psychiatrists in the U.S. is expected to drop by 20%. In comparison, the number of clinical psychologists in the U.S. is projected to increase by 13% by 2030, but with lower reimbursement, fewer will serve Medicare patients.

**Psychologists are the major providers of Medicare behavioral and mental health services, and patients will lose access to vitally important care if rate cuts are adopted**



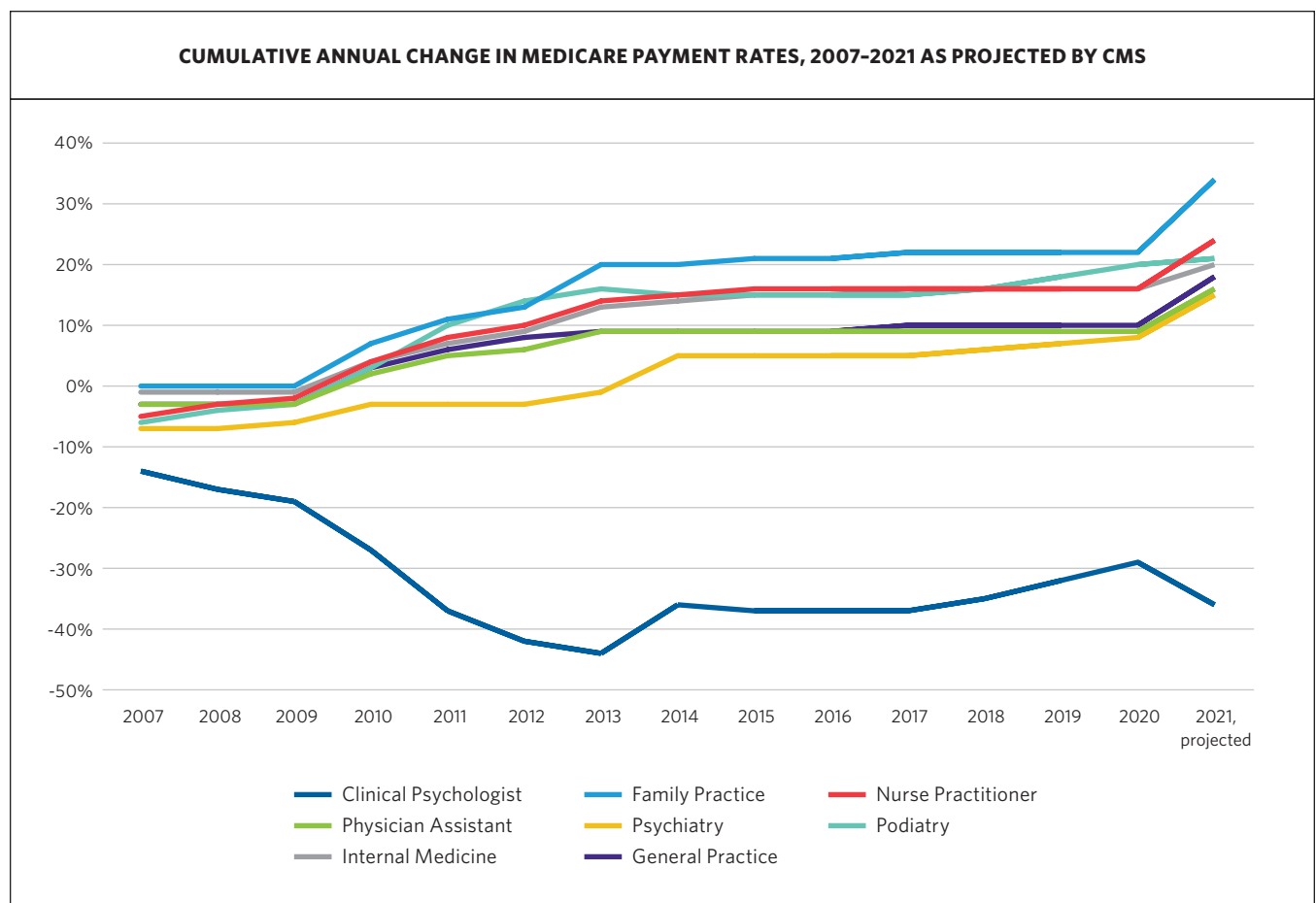
SOURCE: Medicare Physician and Other Supplier Public Use File, CY2017, Centers for Medicare and Medicaid Services

**A 7% reduction in Medicare’s already low reimbursement rates will push many psychologists to see fewer Medicare patients or stop participating entirely.** Currently, only an estimated 28% of clinical psychologists participate in Medicare. In a recent survey, nearly 60% of psychologists who left Medicare said that the reason they left was because reimbursement rates were too low.

Health care providers bill Medicare for services to coordinate patient care using specific E/M office visit codes. Only physicians and some non-physician providers are allowed to bill Medicare for these services, which comprise an estimated 40% of all Medicare spending under the physician fee schedule. CMS is implementing a new coding system for E/M services provided in office and outpatient settings, in order to reduce administrative burdens on physicians and improve payment accuracy, and to better reflect current medical practices.

CMS plans to pay for the increased E/M code payments by cutting rates for services provided by several non-physician providers, since Medicare provider payment adjustments must be budget neutral in the aggregate. For psychologists, CMS is projecting a 7% cut in Medicare reimbursement rates beginning January 1, 2021. This may be only the beginning, as CMS is planning further E/M payment increases in the future. It should be noted that the proposed reimbursement rate cuts will also apply to services provided by social workers, who also provide psychotherapy to Medicare patients.

**Psychologists’ Medicare reimbursement rates have never recovered from major cuts that occurred between 2007 and 2013.** An analysis conducted by Avalere Health concluded that aspects of the methodology used by CMS to calculate physician fee schedule payment rates consistently disadvantage psychologists. The proposed reductions in reimbursement rates will only drive more psychologists out of the program, to the detriment of patients.



SOURCE: Annual Physician Fee Schedule estimated impact on total allowed charges by specialty, Centers for Medicare and Medicaid Services

**We urge members of Congress to ask CMS to safeguard Medicare mental and behavioral health services that psychologists provide from harmful cuts in the process of updating E/M payment coding.**