

2019 Neuropsychological and Psychological Testing Code Changes Understanding Medicare's Facility Fee Reduction

Reimbursements for facility fees (mainly hospitals) will be reduced due to a Centers for Medicare and Medicaid Services (CMS) payment policy decision to no longer pay a facility fee for test administration services under the new testing codes.

How will this affect psychologists' income?

We anticipate that income for nearly all psychologists will remain unchanged. CMS decided on a minor reduction to the fees paid directly to hospital facilities to cover their overhead charges and administrative costs. It has no impact on CPT coding or non-facility RVUs.

What is the anticipated reduction to services?

APA estimates that for a 6-hour battery of neuropsychological testing that is provided in a hospital facility and billed directly through that facility (rather than through an outpatient office) there will be about a 10% Medicare reimbursement reduction with a technician and a 16% reduction for testing services without using a technician ONLY for facility fees. Again, this reduction does not affect CPT coding or non-facility RVUs.

If this does not affect psychologists' income, then where will the reductions be noticeable?

Hospital facilities will see a minor reduction in the reimbursement for administrative and overhead costs like electricity, IT support, etc. Facility fees are an already small portion of the total reimbursement for neuropsychological testing, and this reduction is 10% or 16% of that small portion. Additionally, in recent years, most health centers have changed their hiring practices to employ health providers, including psychologists through their outpatient facilities. As such, if neuropsychological testing is billed through an outpatient office, facility fees cannot be billed, and this fee reduction is irrelevant.

How does CMS define "facility"?

CMS' definition of a facility includes hospital, psychiatric hospital, medical-surgical hospital, skilled nursing facility, sub-acute/rehabilitation hospital, or other facility with a hospital designation.

What is the impact of these reductions on the profession?

According to CMS data, the actual impact of these reductions will be very small.

- Only 450 neuropsychologists and 190 psychologists in the U.S. who see 11 or more Medicare beneficiaries in a year use facility-code charges.
- About 75% of neuropsychologists bill Medicare \$4000 or less annually for these services; therefore the impact of a 10% reduction, for example, would mean \$400 less in payments annually to the facilities. Psychologists in facilities have approximately the same billing pattern.
- About 110 neuropsychologists and about 16 psychologists bill Medicare for \$20,000 or more for testing services in facilities annually.

How is this facility fee reduction related to the RUC/CPT win APA discussed?

This CMS decision to reduce valuations for facility-based services is not related to APA's CPT/RUC success, nor is it targeted just to psychological/neuropsychological testing services. CMS has been making cuts to Medicare facility fees across the board over the past couple of years. This is part of a long-term trend coming from CMS.

Did APA provide CMS with input on this decision?

The American Psychological Association Practice Organization (APAPO) questioned CMS on why the 2019 Medicare fee schedule did not include the facility fee for technician-administered testing services. CMS replied that it does not value services provided in facilities if they lack a professional work component.

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