



AMERICAN
PSYCHOLOGICAL
ASSOCIATION
PRACTICE ORGANIZATION

January 29, 2014

The Honorable Fred Upton
Chair
Committee on Energy and Commerce
Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Max Baucus
Chair
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Henry Waxman
Ranking Member
Committee on Energy and
U.S. House of Representatives
Washington, DC 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairmen Upton, Camp, and Baucus, and Ranking Members Waxman, Levin, and Hatch:

On behalf of the American Psychological Association Practice Organization (APAPO), I am writing to convey our appreciation and support for your work in developing and advancing legislation to repeal Medicare's Sustainable Growth Rate (SGR) formula and reform the Medicare payment system. We urge Congress to prevent the roughly 20 percent cut in Medicare reimbursement rates under the SGR scheduled to occur on April 1, 2014. The APAPO is dedicated to advancing the practice of psychology, and represents the interests of doctoral-trained psychologists, who are licensed health care professionals. The APAPO is affiliated with the American Psychological Association (APA), the largest membership association of psychologists, with more than 137,000 members and affiliates engaged in the practice, research, and teaching of psychology.

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Beyond the SGR, we reiterate, from our previous comments on your efforts, that Medicare's broader payment formula is not working to ensure that psychologists are paid appropriately and fairly. Payments to clinical psychologists under Medicare have declined roughly 27 percent in the last six years, and to cite just one specific example, the reimbursement rate for the most common mental health service (a 45-minute psychotherapy service) has declined by more than 35 percent since 2001, adjusted for inflation. Because Medicare is subject to budget neutrality, services which may be cognitively complex but which are provided with relatively low overhead and practice expense costs—including psychologists' services—are being unfairly reduced to offset increases in services and procedures with higher practice expense costs.

As a result of the continuing decline in reimbursement rates, psychologists are leaving Medicare. A 2013 APAPO member survey found that 26 percent of responding psychologists who were previously Medicare providers left the program, primarily due to low reimbursement rates, and half of psychologists who left Medicare did so in the last five years. Fixing the SGR is not enough to turn the tide. Congress must halt plummeting Medicare payment rates for psychologists' by adjusting Medicare's physician payment formula in order to ensure beneficiary access to mental health services over the coming years. We will soon be discussing options for doing this with your committees.

Psychologists are ready and able to participate alongside other health care professionals in the development of new delivery structures and payment models. We believe that psychologists' full participation is essential, since greater investment in psychological services within Medicare holds the potential to save the program billions of dollars over the coming years. Research shows that Medicare beneficiaries with both untreated depression and a chronic medical condition, such as diabetes or congestive heart failure, have total treatment costs that are 50 to 100 percent higher than beneficiaries who do not have depression. It is estimated that about \$5 billion of the total cost of heart failure can be attributed to depression. Following are recommendations and comments on your committees' SGR proposals, to better integrate psychologists into Medicare's new payment mechanisms and service delivery systems.

Behavioral Health Information Technology

The committees' legislation can be significantly improved by incorporating legislative language introduced by Senators Sheldon Whitehouse (D-RI) and Rob Portman (R-OH), and Rep. Tim Murphy (R-PA), to make psychologists and other behavioral health service providers eligible for incentive payments for meaningful use of electronic health records (EHR). Behavioral health service providers are currently ineligible for such payments, hampering the widespread use of up-to-date information technology in the provision of these vitally important services. We note that the legislation incentivizes, and in some cases, assumes, health care professionals' use of electronic health records. (For example, the Senate Finance and House Ways & Means Committee bills both define "eligible alternative payment models" as requiring the use of EHR technology.) Clearly, the use of EHR must be expanded to encompass behavioral health interventions if Medicare service delivery system improvement is to achieve its potential.

Value-Based Payment program and Quality Update Incentive Program

With respect to the value-based payment program (VBP) called for under the legislation approved by the Senate Finance and the House Ways & Means Committees, we believe the threshold for “low-volume” providers exempt from the program should be based on either the number of Medicare beneficiaries treated or on the amount of Medicare allowed charges billed. Psychologists often provide several episodes of outpatient psychotherapy to an individual beneficiary in the course of treating a mental or behavioral disorder. Consequently, an exemption threshold based on the number of items and services furnished could easily be surpassed by a psychologist who in fact had only a minimal Medicare caseload.

Healthcare Common Procedure Coding System and chronic care management

All three committees’ bills include provisions for the establishment of new Healthcare Common Procedure Coding System payment codes for complex chronic care management. Improved chronic care management is an essential component of any effort to constrain Medicare spending growth and improve patient outcomes. This effort must include the establishment of new HCPCS codes for mental health care coordination that can be used by psychologists who cannot bill using evaluation and management codes. As noted above, there are substantial improvements in effectiveness and efficiency of care achievable for individuals with comorbid chronic conditions and mental disorders when behavioral barriers to treatment compliance are appropriately addressed. We encourage the adoption of language to ensure that this opportunity is realized by requiring the Secretary of Health and Human Services to develop at least one mental health care coordination code, and to explicitly include clinical psychologists as applicable providers for the coordination of care management services.

Excellence in Mental Health Act

Finally, we strongly support the five year, ten state demonstration program to strengthen and improve community behavioral health systems in the legislation as approved by the Senate Finance Committee. APAPO has long joined other major mental health advocacy organization in promoting the “Excellence in Mental Health Act” introduced by Senator Debbie Stabenow (D-MI), which served as the basis for her amendment.

We would greatly appreciate the opportunity to work with your committees to further improve the SGR and provider payment reform package, in order to more appropriately support mental health service use and accessibility. Please call or email Doug Walter, J.D., Acting Associate Executive Director, Government Relations, at (202) 336-5889 or dwalter@apa.org should you have any questions regarding our comments or wish for further assistance.

Sincerely,



Katherine C. Nordal, Ph.D.
Executive Director for Professional Practice
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