

Recent Therapy Cuts... *Explained*

1

On May 1, 2018, Iowa Medicaid Enterprise (IME) decided to cut therapy payments by 26%. This cut applied to all services after the first unit of service that day.

- Most therapy is provided in 2 or more units a day.
- Children's therapy often combines multiple types of therapy in one day (speech, physical and/or occupational therapy).
- Children's therapy often has Medicaid as the primary source of payment.

2

This will bankrupt therapy providers or cause significant changes that harm children and families.

- Medicaid pays low rates of reimbursement so that many providers don't take Medicaid patients. Medicaid rates are generally lower than Medicare rates.
- The fees paid before these cuts (before May 1, 2018) were generally below 2010 fees.
- No business or non-profit can take such drastic cuts.
- Changes in practice could help reduce the cut, but would generally mean children and families would have to come to therapy more days during the week.

3

This appears to be a method for Iowa therapists to pay additional money to the Managed Care Organizations (MCOs.)

- The State has not changed the payments to MCOs since May 1, 2018.
- The cuts mean that MCOs pay therapists 26% less – and keep the extra.

4

IME states this is an application of a Medicare rate procedure called Multiple Procedure Payment Reduction (MPPR) to Medicaid. IME shouldn't adopt this to the Medicaid population.

- Medicare is generally for 65 year olds and older. Most of their therapy is for *rehabilitation* – the regaining of lost skills or functioning, such as from an injury.
- Medicaid is generally for children and the disabled. Most of children's therapy is for *habilitation* – the attainment, learning, development or maintenance of skills, such as in developmental delays and attaining highest functioning for disabilities. Even for injuries requiring rehabilitation, children are still growing, providing special concerns not present in adults.

5

IME can't accurately compute Medicare-similar reductions.

- Medicare develops rates by studies with industry input and rates are updated every five years. Those rates separate fees into different components, including an office expense, physician work, and malpractice. These are adjusted by geographic practice cost indices, which are ultimately adjusted by a conversion factor.
- Medicaid rates don't have those components and haven't aligned with Medicare since the turn of the century.
- Typical MPPR requires a 50% reduction of the Practice Element component – which IME hasn't and can't compute.

6

IME has adopted this in one informational letter sent in November 2017, which didn't sufficiently apprise therapists of the implications. IME clarified the cuts in private letters in April 2018, but those didn't go to therapists in general. The effect of these cuts only became apparent to many therapists after the May 2018 bills were reduced by the MCOs in June 2018.

Please stop these cuts to Medicaid children, ages 21 and under.