

Pros and Cons of Medicare Payment for Specialty Driving Programs

If you are starting a driving specialty program, or if you have an established program and are considering participating in Medicare, the following information may be helpful in making the right choice for your practice.

Overview of Medicare Coverage Requirements

To be considered for payment under Medicare guidelines, services must be “medically necessary” and meet specific program requirements relating to eligibility, documentation, and billing. Medicare law defines “goods and services” that are medically necessary as those which are reasonable and necessary for the diagnosis or treatment of illness or injury, or to improve the function of a malformed body member. (1862(a)(1)(A))

For outpatient occupational therapy to be covered and paid, services must be:

- Prescribed and certified by a physician;
- Delivered by qualified personnel (OTs and OTAs);
- Medically necessary;
- Documented according to Medicare manual instructions and contractor (e.g., intermediary, carrier, MAC) local coverage determinations; and
- Billed with appropriate codes and modifiers (CPT and/or ICD-9).

Medicare covers occupational therapy evaluations and interventions provided after an illness or injury. If mobility, including driving, is one of many OT goals in the person’s plan of care, treatment should be covered. However, payers often question the “medical necessity” of services when driving is the sole or priority goal. In addition, not all of the services that a client receives as part of a specialty driving program or the method of delivery would be covered under Medicare guidelines.

Reference:

Centers for Medicare & Medicaid Services. Covered medical and other health services. In *Medicare benefit policy manual* (chapter 15). CMS Publication # 100-02: Retrieved March 28, 2008, from <http://www.cms.hhs.gov/manuals/Downloads/bp102c15.pdf>

Local Coverage Determinations

Although Medicare is a national program, claims decisions are delegated to individual contractors, who often develop local coverage determinations (LCDs) that are stricter than Medicare national guidelines. By a reasonable interpretation, Medicare should cover services of occupational therapists when they evaluate and treat clients who have been referred by a physician for difficulties with activities of daily living (ADL) and instrumental activities of daily living (IADL), regardless of whether driving is one of their stated goals. However, we know that implementation of this policy is inconsistent, and some contractors deny claims any time driving is mentioned in documentation. Medicare managed care plans also may reinterpret the general policy. Therefore, you should review all of the relevant LCDs in your area to determine how their specific rules would affect your practice.

The following link to CMS will let you search the LCD database:

<http://www.cms.hhs.gov/mcd/overview.asp?from2=overview.asp&>

Importance of Proper Documentation

Thorough documentation that clearly links the OT interventions associated with driver rehabilitation to the client's condition and need for therapy is essential for billing all third-party payers. This is especially critical when justifying medical necessity to Medicare. In the event of a service denial, an OT should be able to present copies of the medical record documentation to support a reversal. Help with documenting occupational therapy is available in the AOTA practice guideline *Driving and Mobility for Older Adults*, and on the AOTA Web site through resources related to evidence-based practice and official documents, such as the *Guidelines for Documentation of Occupational Therapy*.

Overview of Medicare Payment System

All outpatient therapy services are presently paid under the Medicare Physician's Fee Schedule (MPFS) regardless of setting. Participation in outpatient Medicare requires the acquisition of a provider number (e.g., as a private practice or outpatient clinic). You may already work for a Medicare provider if, for example, your employer is a hospital, comprehensive outpatient rehab facility (CORF), or other outpatient facility. Each Medicare provider type has specific requirements for certification that will affect your decision regarding participation.

The MPFS is designed to pay a specific rate per intervention, as described by CPT codes. There are no provisions for payment of a bundled group of services. To determine whether Medicare payment would be to your advantage, you would need to analyze the potential revenue for each service that is described under the CPT coding system and that meets Medicare coverage requirements.

Medicare Part B Therapy Caps

Occupational therapy services, including driving rehabilitation, provided by all types of settings, with the exception of outpatient hospital facilities, are subject to the occupational therapy yearly limitation on outpatient services. A beneficiary must first cover the Part B deductible and pay 20% coinsurance. As of 2008, Medicare will then cover the remaining 80% of outpatient OT services up to the cap of \$1,810. This cap is automatically updated each year.

To compensate somewhat for these coverage limitations, Congress passed an "exceptions process" in the Deficit Reduction Act of 2005 (DRA), which is set to expire on July 1, 2008. Either a provider or the beneficiary can submit a request for an exception. Exceptions to caps that meet Medicare requirements are "automatic," but subject to retrospective review and adjustment.

Occupational therapy providers and administrators of driving programs should consider the implications of the cap and the rapid changes in Medicare reimbursement rules on their ability to access consistent payment.

Summary

Occupation therapy professions developing specialty driving programs must weigh the pros and cons of participating in the Medicare program.

Pros

- Public payers can be a reliable payment source, assuming all requirements are met.

- Medicare coverage may encourage additional clients to use the services.
- Medicare participation may encourage additional physician referrals.
- Medicare certification or participation is often helpful in advocating for coverage by private payers.
- Proper documentation in the medical record can help justify the medical necessity of the driving intervention.

Cons

- Medicare Part B coverage rules are complex, detailed, and subject to change.
- Contractor interpretation of rules results in inconsistent coverage across the country.
- Medicare does not pay for groups of services bundled into a “program.” Therefore, the coverage potential of and projected payment for individual services that can be described by CPT codes must be analyzed carefully.
- Medicare payment, based on CPT codes and the MPFS, is often lower than the aggregate cost of services provided by occupational therapists and occupational therapy assistants.
- Services are subject to the Medicare therapy cap (\$1,810 a year in 2008), and legislative changes in the Medicare outpatient therapy payment system should be expected.