American Occupational Therapy Association

Payer Policy Updates Practitioners Need to Know

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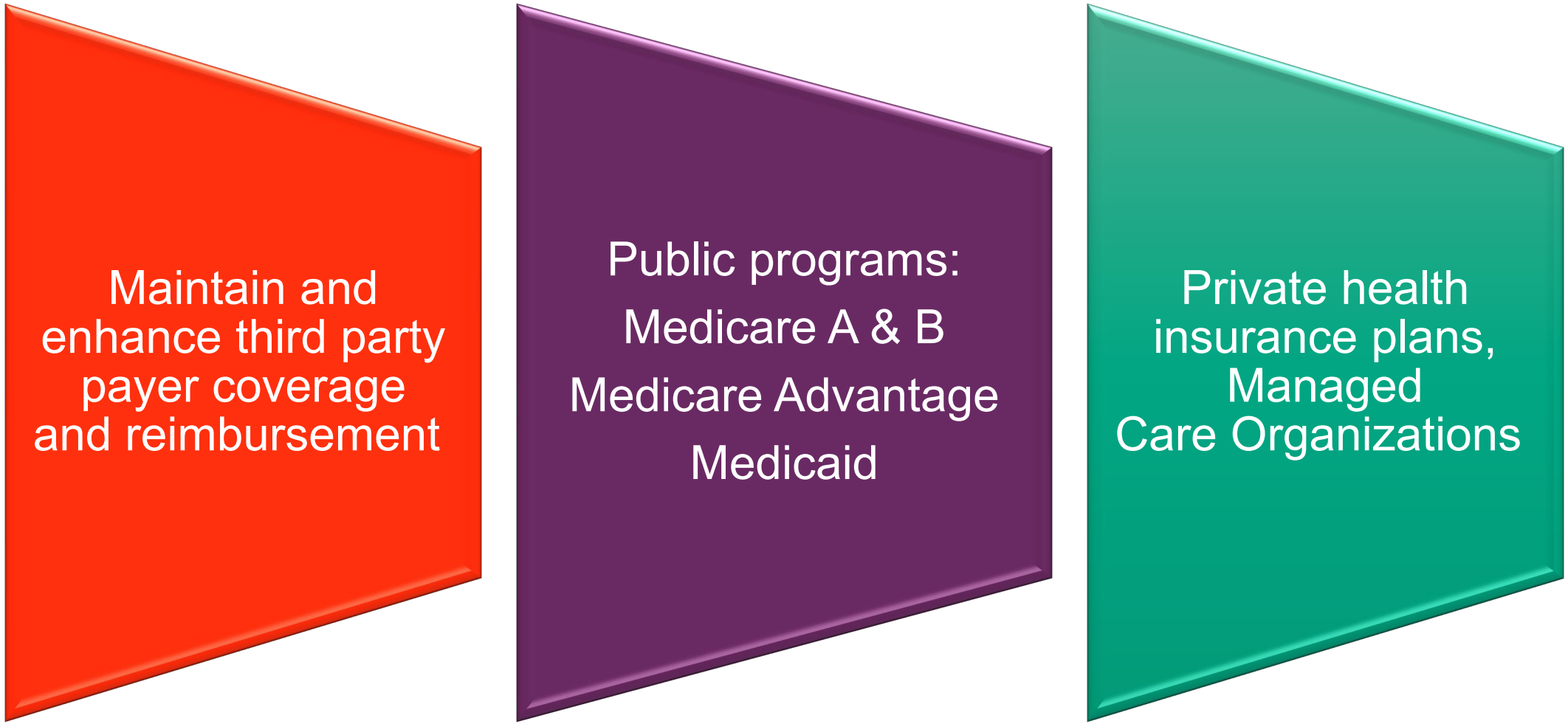
August 1, 2025

Regulatory Affairs Team



AOTA Advocacy Efforts

Work full time to monitor rules and regulations

Track potential changes, with member support

Respond with thoughtful, evidence-based comments to proposed and final rule changes

Work to ensure fair and accurate reimbursement and coverage for occupational therapy services

Your membership makes this advocacy work possible!

How to become a member: https://www.aota.org/membership/membership-options

Regulatory Affairs Team

Challenges

- Payer definitions of OT
- Use of CPT codes

Participates

- In-person meetings with payers
- Official comments to policy makers
- AMA Coding Process
- Education for OT practitioners

Collaborates

- Coordinate with other associations
- Coalition letters to policy makers
- Joint Statements

Importance of Health Policy

Why do we care about health policy?

Policy affects

- Who can practice
- How you can practice
- Who has access to your services
- Which services you are paid for
- How much you are paid for your services

Professional IDENTITY

Regulatory Advocacy

Quickmeme.com

Rulemaking Season

CMS Proposed Rules Released

Skilled Nursing Facility (SNF)
April

Inpatient Rehab Facility (IRF) and Hospital
May

Home Health
June

Medicare Physician Fee Schedule (MPFS)
July

CMS Final Rules Released

SNF
July/August

IRF and Hospital
July/August

Home Health
October/November

MPFS
November/December

Medicare Part A

CY 2026 Home Health PPS Proposed Rule

CMS proposing overall 6.4% reduction in payment

Quality Reporting Program Proposed Changes

- Removal of SDOH measures added last year
- RFI on future measure concepts including interoperability, cognitive function, well-being, and nutrition

Value Based Purchasing Program Proposed Additions

- Improvement in Bathing
- Improvement in Upper Body Dressing
- Improvement in Lower Body Dressing

https://www.aota.org/advocacy/advocacy-news/2025/cms-proposing-significant-payment-cut-for-home-health-agencies-in-2026

Call to Action

- Join your colleagues in submitting comments to CMS

Comment online by August 29

Or

Share your feedback with AOTA for inclusion in our comment letter by August 16 at regulatory@aota.org

Medicare Part B

CY 2026 Medicare Physician Fee Schedule Proposed Rule

Conversion Factor (CF)

CMS proposed CF for CY 2026 is $33.4209

Approx 3.3% increase from last year

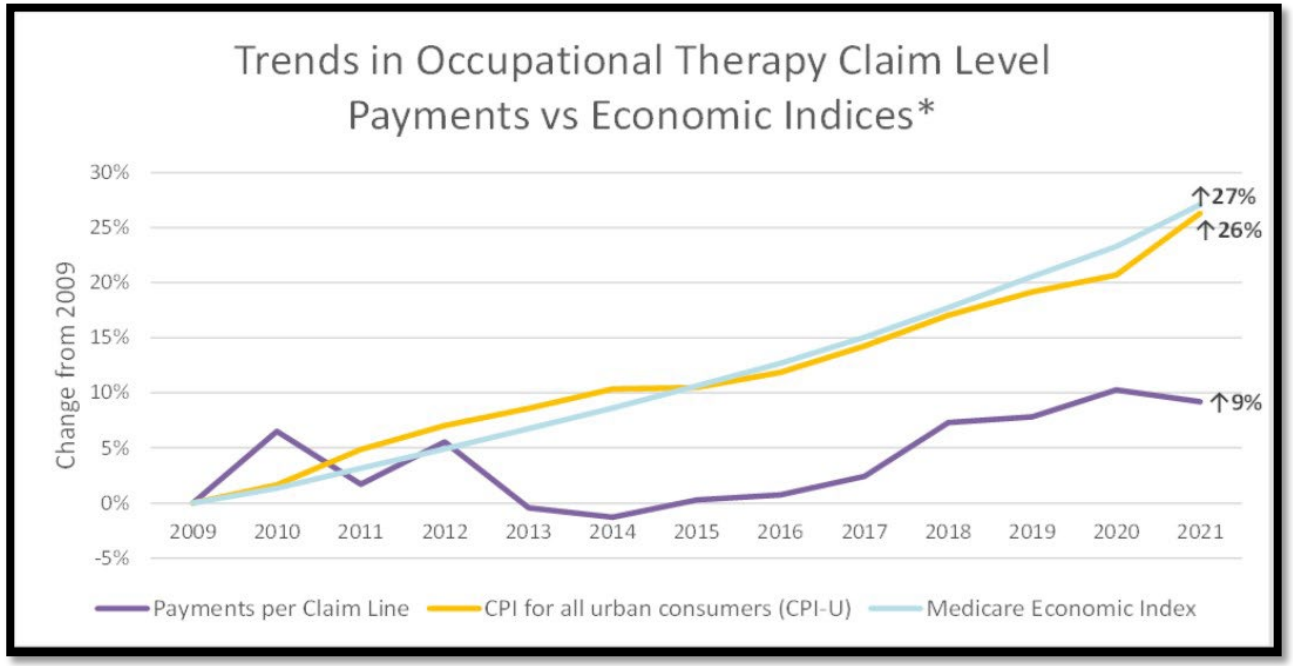
Other proposed policies related to efficiency adjustment and coding values may impact realization of increase for OT codes

Efficiency Adjustment

- -2.5% adjustment for certain non-time-based codes to reflect efficiency gained from providing services over and over compared to how services were previously valued when they were new
  - Adjustment applied to work RVUs and intraservice time
  - Some OT codes are on the list, despite being time-based codes

Medicare Part B Payment Cuts

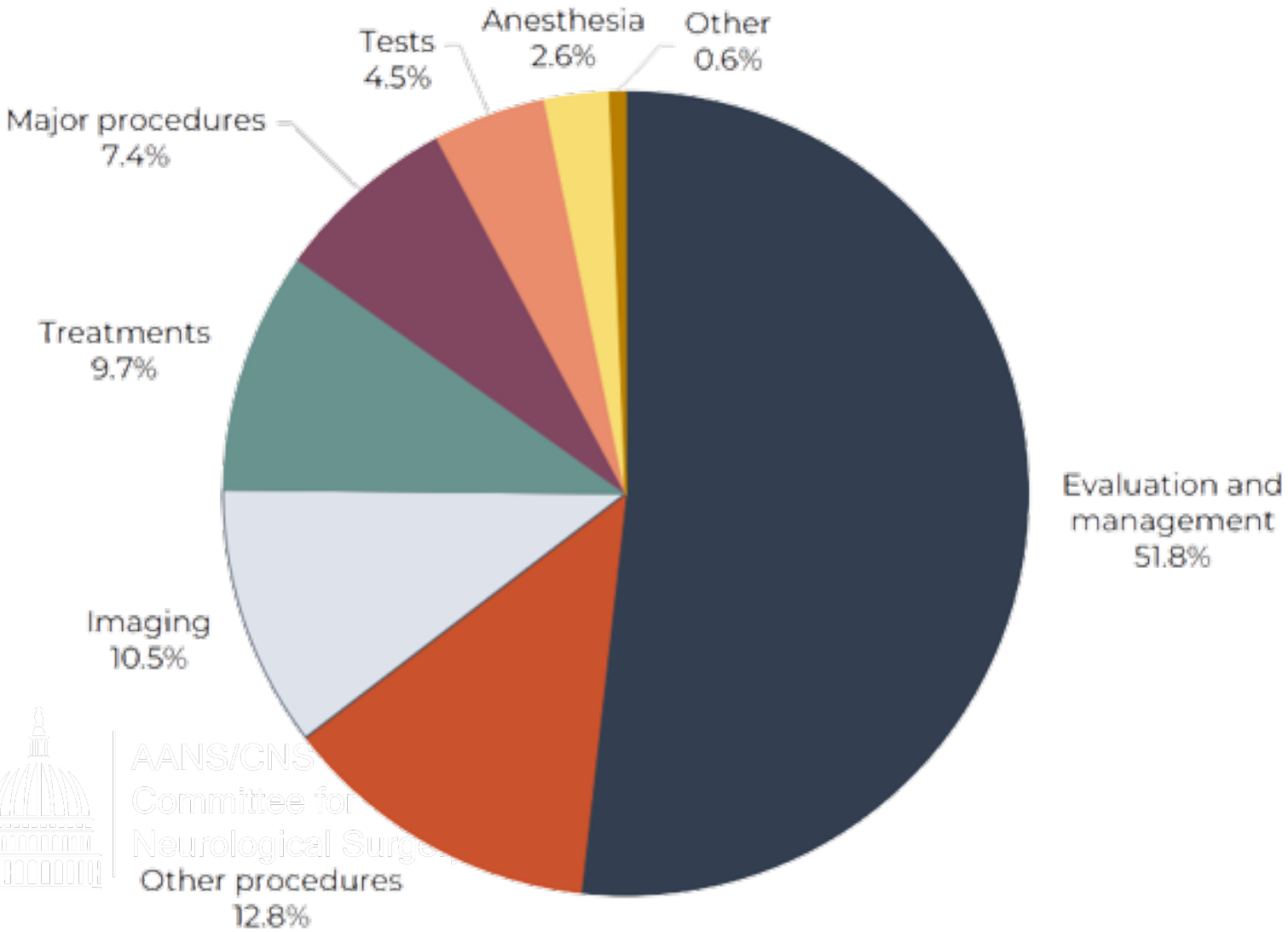
- OT reimbursement is not keeping up with costs of doing business
  - Yearly cuts in Med B payment
  - Multiple Procedure Payment Reduction (MPPR)
  - OTA payment differential



Outpatient Therapy Claims Analysis: Summary of Results, The Moran Company

https://www.aota.org/advocacy/advocacy-news/2023/report-on-ot-medicare-spending-and-utilization

The Payment Pie is Fixed



If changes to the fee schedule exceed $20 million, CMS must **reduce** the conversion factor to **maintain budget neutrality**

Therapy Specific Reform Ideas

- In 2023, Therapy groups developed payment reform principles specific to therapy.
  - Repeal of the MPPR
  - Streamline Plan of Care certification process
  - Change Medicare supervision for OTAs in private practice
  - Allow Therapy to Opt-Out of Medicare
  - Improve Access to MIPS and incentive payment programs

AOTA American Occupational Therapy Association | APTA American Physical Therapy Association | APTA Private Practice A Section of the American Physical Therapy Association | ASHA American Speech-Language-Hearing Association

Policy Principles for Outpatient Therapy Reform under the Medicare Physician Fee Schedule

As Congress begins to consider ways to reform the Medicare Physician Fee Schedule, the below policy principles seek to address long-standing challenges faced by outpatient therapy providers. Over the last three years, therapy providers have received some of the largest cuts of any health care providers as a result of budget neutrality policies. At the same time, therapy providers are subject to legacy reductions to payment for services that date back to the days of the sustainable growth rate formula, excessive administrative costs, and barriers to participation in innovative and value-based programs. Enacting the below policy principles will ensure access to high-quality therapy services now and into the future.

Principle 1: Eliminate a Flawed and Outdated Medicare Payment Policy

The Multiple Procedure Payment Reduction Policy ("MPPR"), was first implemented in 2011 and applies to physical therapy, occupational therapy, and speech language pathology services provided under Medicare Part B. Because of MPPR, when therapists bill more than one "always therapy" service (identified by CPT code) on the same day for the same patient, all therapy services beyond the first are subject to a reduction in the practice expense portion of that code.

Under this policy, the therapy service with the highest practice expense value is reimbursed at 100%, and the practice expense values for all subsequent therapy services, provided by all therapy providers, are reduced by 50%. The work and malpractice components of the therapy service payment are not reduced.

In the 2011 Medicare Physician Fee Schedule, CMS first proposed the implementation of a 25% MPPR across therapy services. Congress reduced this reduction amount to 20% in the Physician Payment and Therapy Relief Act of 2010 (H.R. 5712). This 20% MPPR was in place from January 1, 2011, to March 31, 2013. Without any further analysis demonstrating a need to increase the MPPR, Congress implemented a permanent 50% MPPR in the American Taxpayer Relief Act of 2012, which was implemented by CMS on April 1, 2013. The average payment per therapy claim in 2013 (after MPPR) was 8.5% less than the average therapy claim in 2010 (before MPPR).

Therapy Specific Reform

- Medicare Patient Choice Act (H.R 4204)
  - Would allow occupational therapy practitioners (OTPs), physical therapists (PTs), speech-language pathologists (SLPs), audiologists, and chiropractors to opt-out of Medicare enrollment
- OT Mental Health Parity Act (H.R. 4037)
  - Would address gaps in awareness of OT's role in treating mental health and substance use disorders by directing the Secretary of Health and Human Services to conduct outreach and education to relevant stakeholders

Telehealth

Proposed changes to the process for code inclusion on the Medicare telehealth list

- Over the last several years, AOTA has advocated for temporary OT codes to be added to the Medicare Telehealth Services list on a permanent basis
- If proposal is finalized, it would mean that all current OT codes that are on the telehealth list on a temporary basis would be made permanent

Telehealth Advocacy

Congress must act to allow OTs/OTAs to continue as Medicare telehealth providers after 9/30/25

General bi-partisan agreement that telehealth should be extended/made permanent

Cost to Medicare & fear of fraud prime overall concerns. OT/therapy very small part of telehealth expense

Telesupervision

- Incident-to-physician practice requires direct supervision
  - Physician must be onsite and readily available
  - During PHE, CMS added flexibility to allow direct supervision to be met by immediate availability via real-time audio/visual technology (telesupervision)

- AOTA advocated with CMS to include OTPs under group of providers who are allowed to permanently use telesupervision
  - CMS proposes to make telesupervision permanently available to meet supervision requirements for incident-to-physician practices

Remote Therapeutic Monitoring

98XX5	• Musculoskeletal device monitoring, 2-15 days
98XX6	• Cognitive behavioral therapy device, 2-15 days
98XX7	• Treatment management, first 10 minutes with at least one real-time interaction with client/caregiver

Updates to the Quality Payment Program

- Proposed Quality Measure changes
  - Revisions to several existing measures
  - Proposed removal of Social Determinants of Health (SDOH) measures
  - Proposed addition of new measure for Screening for High Blood Pressure and Follow-up Documentation
- New improvement activities:
  - Improvement Detection of Cognitive Impairment in Primary Care
  - Integrating Oral Health Care in Primary Care
  - Patient Safety

Requests for Information

Prevention and Management of Chronic Disease

- Lifestyle interventions
- Social needs
- Physical activity

Future measure development for Quality Payment Program around wellness, nutrition

- Complementary and integrative health
- Skill building
- Self-care

Call to Action

- Join your colleagues in submitting comments to CMS

Comment online by September 12

Or

Share your feedback with AOTA for inclusion in our comment letter by August 22 at regulatory@aota.org

Private/Commercial Payers

Sensory Integration

Most payers do not reimburse for sensory integration

- Overall, evidence to support sensory integration in general is insufficient
- Payers often designate sensory integration as experimental/investigational
- Sensory integration is often included with auditory integration

HOWEVER

- ***Ayres Sensory Integration® (ASI®)*** is well supported by the literature
- In 2021, AOTA was able to advocate for coverage of Ayres protocols under all Cigna plans
  - Must have a diagnosis of autism spectrum disorder
  - Does not require the practitioner to be Ayres certified, only that documentation demonstrates the use of Ayres protocols

2021 - Cigna updates policy to include Ayres SI

2021 - AIM Specialty Health updates their policy to include SI

2022 - Aetna declines to include coverage for SI in general or Ayres specifically

2025 - BCBS Michigan has placed their SI policy in review cycle for 4th quarter

Next steps for sensory integration

- Assess current literature and allow completion of a systematic review
- Review policies of the remaining large insurance companies (UHC, Aetna, Humana, Anthem, HCSC)
- Draft a comprehensive overview of the effectiveness of Ayres sensory integration
- Recruit SMEs to support advocacy efforts
- Request meetings with policy makers (generally chief medical officers)

Prior Authorization

Commercial plans and Medicare Advantage

- Eliminate administrative burden for therapists
- Decrease delays for clients accessing care
- Emphasize outcomes over visit/service limits

Prior authorization advocacy

- In August 2024, (UHC) announced prior authorization (PA) for outpatient therapy for Medicare Advantage plans.
- AOTA and a coalition of industry partners advocated for clinicians and providers

 UHC improved/shortened submission forms and prior auth required <u>after</u> the 6th visit (as opposed to from the start of care).

What else is AOTA doing?

Regularly participates in meetings with payers/3rd party administrators

Responds to member questions/ concerns about payer policy

Collaborates with state associations and industry partners to advocate for policy and administrative changes

Advocacy with Commercial Payers of OT

Highmark/Helion Value Based Payment Policy (Pennsylvania)

- Extensive collaboration with APTA and ASHA as well as the Tri-alliance state associations. Recent efforts have included movement towards using process based functional outcome measures in the program and programmatic changes to prior authorization processes.

Advocacy with Commercial Payers of OT

Anthem CT (Elevance)

- Collaborative effort with ConnOTA. Anthem announced capitated reimbursement for OT (and SLP). ConnOTA and AOTA sent a joint letter and then met with senior staff with Anthem. Consequently, Anthem retracted the policy.

Legislation

Prompt and Fair Pay Act (H.R.4559) introduced by Reps. Lloyd Doggett (D-TX) and Greg Murphy, MD (R-NC) would ensure that under Medicare Advantage plans:

- payments for OT and other services at least match Traditional Medicare Fee-for-Service (FFS) reimbursement levels
- prompt payment of clean claims with specific time frames and interest paid for late payments
- enhanced transparency from MA organizations regarding questioned claims.

A fact sheet about the bill can be found here, and the full bill text here.

Prompt and Fair Pay Act (H.R.4559) is endorsed by AOTA:

"Occupational therapy services are crucial to enable Medicare beneficiaries in either traditional Fee-for-Service or Medicare Advantage programs to recover and live as independently as possible after an injury or illness," according to Katie Jordan, OTD, MBA, OTR/L, FAOTA, Chief Executive Officer, American Occupational Therapy Association (AOTA). She notes that "The Prompt and Fair Pay Act would ensure payment parity for OT services provided to beneficiaries in either program while also requiring prompt payment of clean claims and enhancing transparency from Medicare Advantage organizations regarding questioned claims. This is critical to reduce the administrative burden related to processing claims which would allow a greater focus on actual patient treatment."

- July 22, 2025 press release, Representative Lloyd Doggett (D-TX)

On the horizon…

- UHC coverage of caregiver training codes in SNFs (June 2025)
- Anthem requirement to document start/stop time in documentation (December 2024)
- Aetna plan of care requirements for therapists (July 2025)

Coming soon…

- Medicaid toolkit for practitioners
- Value based care resource for practitioners and payers

Thank you!

Questions or concerns regarding payment policy, coding, and reimbursement of occupational therapy services?

Contact Us:
regulatory@aota.org

American Occupational Therapy Association

A Powerful Voice for the Profession

AOTA protects your needs and creates new opportunities by advocating on your behalf with the public, at state legislatures, and all the way to Capitol Hill.

We work every day to protect the profession and preserve access to occupational therapy services.

Key Issues:

- Expanding the Occupational Therapy Licensure Compact
- Fighting back against Medicare cuts
- Advocating for federal policies that will help workforce diversity
- Supporting the expansion of OT telehealth services
- Protecting the scope of practice

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