

Compliance Today – July 2022 Compliance in the physical therapy space: The 2022 financial challenge

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If you have ever been a patient of an outpatient physical therapy office, you may be familiar with the busy patient delivery style of this profession. Physical therapists treat patients with hands-on techniques and specific physical exercise programs to get patients back to their previous quality of life. As with any healthcare provider during this prolonged pandemic, the provision of care has been placed under significant delivery model challenges and financial constraints.

With that in mind, how does compliance come into play when ensuring business viability in outpatient physical therapy organizations? Before we answer this question, let's address the current financial challenges facing the physical therapy profession in 2022.



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Physician fee schedule payment cuts

On an annual basis, the physician fee schedule is reviewed by the Centers for Medicare & Medicaid Services (CMS) to assess the Current Procedural Terminology (CPT) payments for therapy services, including physical therapy, occupational therapy, and speech-language pathology. In the most recent final rule for 2022, CMS reduced the conversion factor (the multiplier from which CPT codes get their reimbursement value) from \$34.89 to \$34.60.^[1] This represents a 0.83% decrease in estimated 2022 reimbursements from that of 2021 overall.^[2] With that added to the reduction in federal payment (sequestration) of up to 2% being phased back in by mid-year, the bottom line for most outpatient practices will be adversely affected.

Merit-Based Incentive Payment System (MIPS)

CMS was required by law to establish and implement a quality payment incentive program, the overall program better known as the Quality Payment Program. This quality information is gathered through MIPS, which allows providers to receive bonus payment incentives when they show the value of their service and outcomes. This is done by enrolling providers and collecting specific measures that quantify these criteria. In this instance, the better your score, the better your bonus payment. Reporting captured in 2020 will result in 2022 payment adjustments, with an up to a 9% bonus payment for successful participants or a 9% penalty for those who are not so successful.^[3]

15% payment reduction for care

CMS has implemented a 15% payment reduction beginning in 2022 for the portion of services furnished by therapist assistants (physical or occupational therapy assistant) as required by law through the 2018 Bipartisan Budget Act.^[4] CMS clarified that the 15% reduction will only be applied using de minimis rule, meaning that for each service code provided and billed for, when that service is independently provided by an assistant for 10% of the time of the billed unit, the 15% reduction would be applied. Assistants are an essential part of the busy outpatient therapy environment. This CMS reimbursement change has already led smaller organizations to lay off these employees, and the implications for assistant educational programs hang in the balance.

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