



As Reimbursement Decreases, Protect Your Practice - Why Every Physical Therapy Practice Should Understand Their Professional Obligations

Physical Therapy (PT) reimbursement rates for 2023 declined again, down to \$33.08. See Andrea Sanders, *Medicare reimbursement cuts for physical therapists have been finalized for 2023*, Breakthrough (Nov. 16, 2022), [here](#). From 2016, this marks a 10% decrease in reimbursements. This continues a bleak pattern by the Centers for Medicare & Medicaid Services (CMS) that is likely to continue into 2024 with the upcoming release of next year's physician fee schedule. If the proposed rule is finalized, a conversion factor decrease of 3.34% will take effect in 2024, once again dropping reimbursement rates for PT treatments and services. See *CMS issues CY 2024 physician fee schedule proposed rule*, AMERICAN HOSPITAL ASS'N (Jul. 13, 2023), [here](#).

On the Medicaid side, rates reflect the same trend. Therapeutic activities for one-on-one patient care was \$17.87 per 15-minute session in 2016. See EMEDNY, *Physical Therapy Services and Occupational Therapy Services*, in NEW YORK STATE MEDICAID PROGRAM REHABILITATION SERVICES PROCEDURE CODES & FEE SCHEDULE 5 (2016), [here](#). Wheelchair management reimbursement totaled \$16.39 per 15-minute session. See *id.* In 2023, therapeutic activities for one-on-one patient care was \$18.05 per 15-minute session, while wheelchair management reimbursement totaled \$28.02 per 15-minute session. See EMEDNY, *4.2 Physical Therapy Service and Occupational Therapy Services*, in REHABILITATION SERVICES PROCEDURE CODES & FEE SCHEDULE 6 (2023), [here](#). Although seemingly an increase, when adjusted for the cumulative rate of inflation (28.2%), the value of 2016 therapeutic services is actually \$22.92. See *Inflation Calculator*, US INFLATION CALCULATOR (2023), [here](#). The result is that PT Practices are out \$4.87 per treatment session, with the exception of patients requiring wheelchair management.

To those Physical Therapists and other professionals in the field, the decreasing reimbursements only add to the difficulties of operating a private practice. Combine that with increased operating costs from inflation (Sanders *supra*), low patient retention (*The Patient Retention Problem in Physical Therapy*, Prompt (n.d.), [here](#)), and the extreme high burnout rates for professionals within the field (*The High Cost of Burnout in Physical Therapy Practices*, Raintree (Apr. 14, 2023), [here](#)), and it is no wonder why PT practices are having difficulty making ends meet.

Despite the poor outlook, PT practices actually increased by 2.3% from 2022. See *Physical Therapy Rehabilitation Centers in the US – Number of Businesses 2005 – 2029*, IBISWorld (Oct. 2, 2023), [here](#). Nevertheless, increased competition and the discouraging factors noted above mean it is more challenging than ever to run a profitable PT practice. That being said, during challenging times, it is all the more important to ensure that a private practice's billing and documentation comply with CMS requirements.

Given that most PT practices rely on Medicaid and Medicare reimbursements, compliance is critical. Many Physical Therapists today are inundated with patients and documentation, seeing up to 20 to 30 patients in a single day. With the need to bill more and more to be profitable as reimbursement declines, PT practices and their professionals are at their limits to bill all their patients in accordance with the appropriate CMS guidelines for allotted time and documentation.

Just last year, False Claims for Health and Human Services saw \$1.6 billion in recoveries. See DOJ, Civil Division, Fraud Statistics Overview October 1, 1986 – September 30, 2022 5 (2023), here. Therapists overall saw criminal fraud charges totaling \$1.2 million last year according to the Medicaid Fraud Control Units Fiscal Year 2022 Annual Report on only 7 cases. See Dept. of Health & Human Services, Office of Inspector General, Medicaid Fraud Control Units Fiscal Year 2022 Annual Reports 20, 24 (2023), here. Currently, therapists are facing 124 total ongoing investigations nationally, with 98 of them being criminal. See id.

On the State level, New York State alone received 30,079 reports and arrested 58 individuals for healthcare fraud. See New York State Dep't of Financial Services, Investigating and Combating Health Insurance Fraud 2 (March 15, 2023), here. Included in healthcare fraud are practices such as unbundling (treating each step of a procedure as an individual procedure), billing for services never rendered, up-coding, misrepresenting non-covered treatments as medically necessary, and accepting kickbacks for patient referrals. See id. Additionally, New York saw an increase of 7% in insurance fraud from 2021 to 2022. See id. Evidently, on both the state and federal level, there is a worrisome rise in fraud.

The time to ensure compliance with these requirements is before a private practice faces an audit. Take active measures to prevent billing inaccuracies, such as:

- Employee billing training
- Legally approved billing templates for treatments or services
- Time checks to avoid “the impossible day” (billing more than 24 hours in a day)
- Accurate face-to-face time billing
- Redundant and organized record keeping
- CMS Affordable Care Act Provider Compliance Courses.

Although times may be difficult and the pressure to be profitable is ever present, private practices only compound problems by shirking Medicare and Medicaid's billing requirements. PT practices should consult a health law professional to ensure compliance to avoid an audit or to get help with a current investigation.

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