

## Private Practice Physical Therapists

*Small business professionals restoring function to America - one patient at a time.*

### CURBING WASTE and ABUSE IN PHYSICIAN SELF-REFERRAL

#### RECOMMENDATION:

**The Private Practice Section (PPS) of the American Physical Therapy Association (APTA) urges Congress to pass [H.R. 2066](#), the *Promoting Integrity in Medicare Act*, to remove physical therapy from the in-office ancillary services exception of the physician self-referral prohibition and use the cost savings to help support Medicare payment reform.**

Current law bars physicians from referring Medicare patients for certain health care services or providers in which they have a financial interest, with certain exceptions. The in-office ancillary services exception (IOASE) to the Stark Law was originally created to allow physicians to render non-complex services like x-rays and simple blood tests in their offices during the same patient office visit. The exception was never intended to include complex and costly advanced imaging services, physical therapy, radiation therapy, or biopsy testing—services rarely provided at the time of the patient’s initial office visit. H.R. 2066 curtails the expansive use of the IOASE because it undercuts the purpose of the law and substantially increases costs to the Medicare program and its beneficiaries.

The President’s FY2017 budget scored the removal of these exceptions as saving \$4.98 billion over 10 years. The Congressional Budget Office (CBO) estimated the 10-year savings from closing the IOASE would be \$3.3 billion.<sup>1</sup>

In June 2014, GAO released “Medicare Physical Therapy: Self-Referring Providers Generally Referred More Beneficiaries but Fewer Services per Beneficiary” (GAO-14-270). This analysis revealed that patients who were self-referred by family practice providers and internal medicine providers received more passive treatment (palliative modalities such as ultrasound, electrical stimulation and massage) and less hands-on care (such as evaluation, therapeutic exercise and gait training), the latter of which is more indicative of appropriateness of PT for restoring a patient’s functional ability.

The GAO also found that once physicians become financially involved with physical therapy services their referral frequency dramatically increases, by as much as 33 percent in some instances. This demonstrates capitulation to the perverse incentive of physician ownership of PT practices. GAO registered concern that in these instances not all PT services may be medically necessary.

**PPS is gravely concerned about increased spending, unnecessary and inappropriate use of physical therapy services, and potentially compromised patient choice associated with the misapplication of the IOASE and believes this loophole must be closed.**

PPS joins APTA and all members of the Alliance for Integrity in Medicare (AIM), a consortium of organizations\*, in advocating for Congress to pass legislation to remove physical therapy from the in-office ancillary services exception.

#### \* The Alliance for Integrity in Medicare (AIM)

- American Clinical Laboratory Association
- American College of Radiology
- American Physical Therapy Association
- American Society for Clinical Pathology
- American Society for Radiation Oncology
- Association for Quality Imaging
- College of American Pathologists
- Radiology Business Management Association

To cosponsor **H.R.2066**, contact Molly Fishman ([molly.fishman@mail.house.gov](mailto:molly.fishman@mail.house.gov)) in Representative Jackie Speier’s office.

<sup>1</sup> <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/dataandtechnicalinformation/51431-HealthPolicy.pdf>