

# What is MPPR and how does it work?

A reduction in reimbursement for Medicare Part B therapy is scheduled to take place for services incurred on and after January 1, 2011. This reduction is part of a policy called the **M**ultiple **P**rocedure **P**ayment **R**eduction policy (MPPR) and was a result of the Physician Payment and Therapy Relief Act of 2010 (H.R. 5712) signed into law on November 30, 2010.

The MPPR applies to therapy and other various ancillary services. The purpose of the Multiple Payment Reduction Policy is to reduce Medicare's cost for these services. This article references the MPPR as it applies to therapy although the concept is the same for other ancillary services.

The way it works is this...

- The Part B fee screen for each procedure is comprised of 3 **Relative Value Unit (RVU)** components:
  - Work component
  - Practice expense (PE) component
  - Malpractice component

Each component has a value and thus a \$ amount related for each procedure.

- The Practice expense (PE) component of the rate identifies the expected cost for preparing the patient for the procedure and is intended to reimburse providers for such costs. Ex: PE expense = A nurse or aide's time / cost to prepare the patient and bring them to therapy. Since the PE component is part of every therapy procedure, the concept is that CMS is over paying for that prep time when more than one procedure is performed in a day for that patient.

CMS' intent with MPPR is to reduce costs by reducing the PE amount paid when more than 1 therapy procedure is performed on that a day.

- With MPPR, the \$ that make up the Work and Malpractice components will remain unchanged, however the \$ that comprise the PE component will be reduced for multiple procedures and multiple units.
- The MPPR applies to PT, OT, & SLP services when performed on the same day for the same patient and paid under Medicare Part B. When more than 1 therapy service is provided to a patient on the same day, CMS will make full payment for the therapy procedure with the highest PE value. The PE value of other therapy procedures will be reduced by 20% for physician & offsite settings and 25% for SNFs, hospitals, and other institutional settings. MPPR will apply to all therapy services regardless of discipline when performed on the same day.

- The reduction applies to the HCPCS codes contained on the list of “always therapy” services that are paid under the MPFS, regardless of the type of provider or supplier that furnishes the services. The MPPR applies to the codes on the list of procedures included with CR7050 as Attachment 1. CR7050 is available at <http://www.cms.gov/Transmittals/downloads/R800OTN.pdf> (440 KB) on the CMS Web site.
- Note that these services are paid with a non-facility PE.
- The Part B fee schedule effective with January 1, 2011 dates of service has not yet been posted. Therefore, there is no way at this point to calculate what the breakdown of the charges will be by component. It is expected that this information will be available in early January. In the meantime, the current and proposed payments were summarized in CMS CR7050 with the following example:

	<b>PROCEDURE 1 UNIT 1</b>	<b>PROCEDURE 1 UNIT 2</b>	<b>PROCEDURE 2</b>	<b>CURRENT TOTAL PAYMENT</b>	<b>PROPOSED TOTAL PAYMENT</b>	<b>PROPOSED PAYMENT CALCULATION</b>
<b>Work</b>	\$7.00	\$7.00	\$11.00	\$25.00	\$25.00	no reduction
<b>PE</b>	\$10.00	\$10.00	\$8.00	\$28.00	\$23.50	\$10 + (.75 x \$10) + (.75 x \$8)
<b>Malpractice</b>	\$1.00	\$1.00	\$1.00	\$3.00	\$3.00	no reduction
<b>Total</b>	\$18.00	\$18.00	\$20.00	\$56.00	\$51.50	\$18 + (\$18-\$10) + (.75 x \$10) + (\$20-\$8) + (.75 x \$8)