



Testimony of:

**NEW YORK PHYSICAL THERAPY ASSOCIATION**

on the

2014-15 New York State Executive Budget Proposal  
Health & Mental Hygiene  
Article VII Bill

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Presented by:

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My name is Susan Swiat and I have been a practicing physical therapist for 36 years, 34 of which have been in pediatrics and Early Intervention. I have owned an agency in Orange and Ulster counties for the last 13 years, and am the employer of 80 therapists and Ongoing Service Coordinators.

I am here on behalf of the New York Physical Therapy Association (“NYPTA”), which represents the interests of 12,000 physical therapists, physical therapist assistants and physical therapy students in New York. Physical therapists treat over 100,000 patients per day in New York, fulfilling a critical role in the treatment of neuro-musculoskeletal disorders and developmental delays. Treatment modalities employed by physical therapists include therapeutic exercise, education, functional training, manual therapy, development and use of assistive devices and other electrical, physical and mechanical modalities. Physical therapists are now trained at the doctorate level and academic programs are highly competitive. Physical therapists practice in a variety of settings including acute care, rehabilitation, home care, long term care facilities, clinics, schools and in athletic settings. NYPTA has many members who work within the Early Intervention Program.

The Early Intervention Program provides services and therapy to infants from 0 to 3 years old who have a confirmed disability or developmental delay. The Early Intervention Program provides a variety of therapeutic and support services including family education and counseling, home visits, and parent support groups, special instruction, speech pathology and audiology, occupational therapy, physical therapy, psychological services, service coordination, nursing services, nutrition services, social work services vision services and assistive technology devices and services. An extensive body of research has shown that Early Intervention services are cost effective and a wise investment.

Physical therapists play a pivotal role in the identification of developmental delays and the treatment of those delays through the Early Intervention Program. The State’s Early Intervention Program has benefitted from the participation of highly qualified physical therapists, many of whom are solo practitioners and small professional corporations. These professionals bring specialized care to the Program including the provision of care in non-English languages, provide the Program with sufficient provider capacity, and render services in under-served areas. The therapists are deeply dedicated to the program and the infants and families that are in need of services. Addressing physical developmental delays and disability at an early age tremendously improves outcomes.

Despite the success of the Early Intervention Program, New York has implemented numerous changes over the last few years that have made it increasingly challenging for physical therapists to continue to provide services under the Program. Among those changes are payment reductions, billing system changes, the enrollment change from local to state, submission of financial information, and additional management requirements imposed by the State. These changes have had the greatest impact on individual practitioners and small businesses, many of whom are women-owned. The net impact of these changes is that many small physical therapy practices and individual practitioners have chosen to cease providing Early Intervention services or curtail their participation in the Program.

The biggest issue that physical therapists are now facing is the mandate that physical therapists bill private insurers through the Department of Health's contracted fiscal agent. Previously, this role was performed by the counties. In April, the State took over responsibility for reimbursing therapists. Under the new system, the service coordinator determines whether the family has private health insurance. Physical therapists and other providers rendering services must submit their billing information to the State fiscal agent, who then bills the insurance carrier. Theoretically, the insurance carrier will then pay the therapist for services rendered at a plan's participating provider rate and any difference between that rate and the established early intervention rate will be paid by the counties. But reality is much different than theory. The overwhelming majority of claims billed to private insurers have not been paid going back to the inception of the change, which occurred in April. Many, many claims are outstanding, some have been paid to the wrong therapist, others to the family, and we fear some may never be reimbursed since they have become stale (i.e., beyond 90 days).

As a result, therapists are owed thousands of dollars, and for larger practices, hundreds of thousands of dollars. Practices have also paid salaries but have not received compensation for services rendered. Therapists have had to resort to taking out loans, including loans against their homes, laying off staff, and even closing their practices. Not only is the current situation untenable and an unacceptable outcome, it will have an impact on access to services.

In addition, tracking insurance claims has become a second full time job for providers. The administrative burdens are particularly severe for small agencies and independent providers who do not have the resources, infrastructure and staff to navigate the complexities of commercial insurance payment systems. Depending on the size of the agency, increased time spent on the adjudication process can reach upwards in the hundreds of hours/week. Providers receive no payment for this increased workload. In fact, the Early Intervention Program has not experienced a rate increase in 16 years, but had reimbursement rates cut in 2010, and again in 2011.

The new payment model is also fundamentally flawed because it is contrary to common commercial insurance company practices in New York State. The transactional systems of commercial insurers are currently set up to **pay the biller - which in this case is the State Fiscal Agent**. However, under the new payment model, insurers are required to **pay the provider, often resulting in a manual claiming process for the insurer**. This causes widespread confusion and delays, and makes it impossible for providers to trace claims, reconcile what they are owed from the SFA and commercial insurers, and adjudicate claims directly with insurers as required by the Department of Health. Some of the most significant problems include that:

- providers receive checks from insurance companies with no identifying information because the remittance is required to be sent to the State Fiscal Agent;
- the remittance is mistakenly sent to the provider;
- insurers receive claims from the State Fiscal Agent that they cannot identify as Early Intervention, resulting in the claim going through an insurer's automated system only to be bounced out to the manual system and starting the claims process all over again;
- checks that should have gone to providers or agencies are misdirected to families due to policies that insurance companies will not issue checks to out of network providers;

- claims must be billed manually instead of electronically because the provider is not in the insurer's network, and therefore, not in the system; and
- providers are unable to adjudicate claim denials because the information that is needed is with the SFA.

As previously discussed, the disconnect between the State Fiscal Agent as the entity that bills the insurance company, and the Early Intervention provider as the entity responsible for tracking and adjudicating claims directly with the insurer causes confusion and significant payment delays. Reconciling a provider's records with the records of the State Fiscal Agent through the new system is onerous, overwhelming and ever-changing. Guidance received from multiple sources on how to handle this process is often in direct conflict. Providers often cannot determine when a claim is paid or adjudicated. A joint survey conducted by NYSSLHA, the New York State Physical Therapy Association (NYPTA), and the New York State Occupational Therapy Association (NYSOTA) indicates that **thirty percent of respondents do not know if they have commercial claims outstanding, 36% do not know if they have escrow claims outstanding, and 29% do not know if they have Medicaid claims outstanding.**

Furthermore, the coordinators who are the entry point in the system for all third party payer information for children and their families have limited experience navigating the complexities of the insurance business and were not hired with this skill set in mind. Specific training on this critical point of entry was offered after the system was already up and running. This causes inaccuracies and delays in obtaining information that is critical to processing claims. Service coordinators are not paid for the significant amount of time that they spend on these tasks. In fact, NYS DOH cut rates for service coordination in 2010 by an average of 4%.

In a recent survey of 284 physical therapists, 64.1 percent are no longer taking on new Early Intervention patients, and 48 percent are searching for employment outside of the Early Intervention Program. These numbers do not take into account the high number of therapists who have left the Program because of changes that have occurred previously to the change to the billing system. We are also hearing of children having to wait for services or having to travel outside of their communities to obtain services.

The very purpose of the Early Intervention Program is being undermined by the change in the billing system, and we anticipate it will only get worse if the State does not meaningfully address flaws in the current system. This is not a situation where "tweaking" will address the problem. The State must end this failed system and have the fiscal agent be the biller and collector of services rendered.