

Expansion of Medicare & Medicaid Coverage in Occupational Therapy

Introduction & Background

Under the current policies, coverage under Medicare and Medicaid for occupational therapy services are covered when a patient is admitted to a hospital for longer than “two-midnights”¹ and when it is found to be medically necessary by a doctor. Currently, however, most of these services are primarily focused on physical function. There is no clear definition of coverage for occupational therapy services in behavioral health or mental health services, even though occupational therapists are currently working in these settings. Without clear description and inclusion of occupational therapy as covered services, Medicare and Medicaid recipients are not able to access occupational therapy services for non-physical challenges that impact their daily lives.

Supported Policy

The introduction of the bill S.4712, “Occupational Therapy Mental Health Parity Act” by Senator Margaret Wood Hassan (D-NH) proposed the expansion of Medicare and Medicaid coverage for occupational therapy services to include treatment for substance use and mental health diagnoses. This bill proposes the following:

- *Section 2:* The Secretary of Health and Human Services will provide education and outreach to stakeholders regarding occupational therapy coverage for recipients of Medicare related to treatment of a substance use and a mental health diagnosis, and the applicable Healthcare Common Procedure Coding System (HCPCS) codes.²
- *Section 3:* The Secretary of Health and Human Services will state that States may cover occupational therapy services for the treatment of a substance use or mental health disorder diagnosis under Medicaid.²

As it stands, the current coverage of occupational therapy for mental health diagnoses and substance use treatment varies significantly state by state and is difficult to clearly define. This policy advocates not only for the clarification of current policies and reimbursement for occupational therapy for these specific needs, but simultaneously advocates for the expansion of occupational therapy officially into behavioral health.

Rationale

1. Current Medicare and Medicaid coverage does not reflect the entire scope of occupational therapy practice.

The profession of occupational therapy is rooted in mental health, as it was created with the early 20th century’s mental hygiene movement (Castaneda et al., 2013). Today, occupational therapy continues to remain true to its roots which can be seen in the required educational training of the profession. Occupational therapists are required to complete fieldwork experiences during their educational training, one including clinical experience focused on mental health and psychosocial needs (Wilburn et al., 2013). Occupational therapists go on to work in these mental health settings with limitations that are placed on reimbursable services based on the current Medicare and Medicaid coverage. Occupational therapists help individuals participate in meaningful and desired occupations based on their specific

interests and needs (AOTA, 2022), which can include providing services and interventions that address mental health needs to support participation in everyday activities (Wilburn et al., 2013). Medicare and Medicaid coverage does not currently reflect this portion of occupational therapy practice.

2. Greater need for behavioral health service providers.

Upon the passage of the Affordable Care Act in 2010, an estimated 3.7 million individuals with severe mental illness gained access to services through the expansion of Medicaid (Mechanic, 2012). This act provided a high percentage of the population with increased accessibility to services that support their mental health needs. Although this act was effective, it has led to an increased need for mental health facilities and behavioral health service providers eligible for coverage by Medicare and Medicaid to provide care and integrated case management (Wilburn et al., 2013). Occupational therapy's emerging role in mental health settings has proved its effectiveness in supporting individuals with their behavioral health needs through interdisciplinary models. With that being said, occupational therapists have the potential of filling the shortage of credentialed professionals by allowing occupational therapists to hold cases for clients whose mental health challenges impact their occupational participation and benefit from ongoing mental health occupational therapy services (Wilburn et al., 2013). Additionally, recognizing occupational therapists as qualified mental and behavioral health professionals would expand opportunities for reimbursable services (Wilburn et al., 2013). Overall, the proposed policy will support the integration of occupational therapy services covered by Medicare and Medicaid in mental health settings to reduce the shortage of behavioral health service providers.

Conclusion

Occupational therapy is an effective service for both physical and mental health needs (Reitz & Scaffa 2020), but current policy only covers its inclusion for physical-health related challenges. The inclusion of occupational therapy as a covered service under Medicare and Medicaid for mental health and substance use diagnoses would provide access to beneficial and necessary treatment for many individuals across the nation.

References

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