

GAO Highlights

Highlights of [GAO-14-270](#), a report to congressional requesters

Why GAO Did This Study

Rising Medicare expenditures for PT services have long been of concern, and questions have been raised about the role of self-referral in this growth. Self-referral occurs when a provider refers patients to entities in which the provider or the provider's family members have a financial interest.

GAO was asked to examine self-referral for PT services and Medicare spending for these services. This report examines (1) trends in the number of and expenditures for self-referred and non-self-referred Medicare PT services and (2) how provision of these services differs among providers on the basis of whether they self-refer. GAO analyzed Medicare Part B claims data from 2004 through 2010 and examined three measures of PT referral for each referring provider: number of PT services referred, number of beneficiaries referred, and number of PT services provided per beneficiary. GAO compared PT referrals for self-referring and non-self-referring providers after accounting for referring provider specialty, Medicare beneficiary practice size, and geographic (urban or rural) location. GAO also compared selected characteristics of the beneficiaries referred by self-referring and non-self-referring providers.

The Department of Health and Human Services stated that it had no comments on a draft of this report.

View [GAO-14-270](#). For more information, contact James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

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MEDICARE PHYSICAL THERAPY

Self-Referring Providers Generally Referred More Beneficiaries but Fewer Services per Beneficiary

What GAO Found

From 2004 to 2010, non-self-referred physical therapy (PT) services increased at a faster rate than self-referred PT services. During this period, the number of self-referred PT services per 1,000 Medicare fee-for-service beneficiaries was generally flat, while non-self-referred PT services grew by about 41 percent. Similarly, the growth rate in expenditures associated with non-self-referred PT services was also higher than for self-referred services.

The relationship between provider self-referral status and PT referral patterns was mixed and varied on the basis of referring provider specialty, Medicare beneficiary practice size, and geography. GAO examined three measures of PT referral for each referring provider for the three provider specialties that referred nearly 75 percent of PT services in 2010—family practice, internal medicine, and orthopedic surgery.

- The overall relationship between provider referral status and the first measure of PT referrals—the average number of PT services referred per provider—was mixed. GAO found that self-referring family practice and internal medicine providers in urban areas, on average, generally referred more PT services than their non-self-referring counterparts. In contrast, self-referring orthopedic surgeons, on average, generally referred fewer PT services than non-self-referring orthopedic surgeons.
- Self-referring providers in all three specialties that GAO examined generally referred more beneficiaries for PT services, on average, but for fewer PT services per beneficiary compared with non-self-referring providers. For these two measures of PT referrals, differences between self-referring and non-self-referring providers generally persisted after accounting for referring providers' specialty, Medicare beneficiary practice size, and geographic location, although the magnitude of these differences varied on the basis of these factors. For example, the average number of beneficiaries referred by self-referring family practice providers in urban areas was approximately 43 to 87 percent higher than for their non-self-referring counterparts, depending on Medicare practice size. In contrast, beneficiaries referred by self-referring family practice providers in urban areas received 12 to 28 percent fewer PT services, on average, depending on practice size, compared with their non-self-referring counterparts.
- GAO also found that in the year a provider began to self-refer, PT service referrals increased at a higher rate relative to non-self-referring providers of the same specialty. For example, family practice providers that began self-referring in 2009 increased PT referrals 33 percent between 2008 and 2010. In contrast, non-self-referring family practice providers increased their PT service referrals 14 percent during this same period.