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### *Therapy Caps Exception Process*

#### Key Words

MM4364, CR4364, R853CP, R46BP, R139PI, Therapy, Caps, Exceptions, Process, Financial, Limitations, Moratoria, Qualifications, Outpatient, Rehabilitation, Code, 22, 23, Manually, Automatically, Excepted, Documentation, Physical, Occupational

#### Provider Types Affected

Providers, physicians, and non-physician practitioners (NPPs) who bill Medicare contractors (fiscal intermediaries (FIs) including regional home health intermediaries (RHHIs), and carriers) under the Part B benefit for therapy services

#### Key Points

- The effective date of the instruction is January 1, 2006.
- The implementation date is no later than March 13, 2006.
- Financial limitations on Medicare-covered therapy services (therapy caps) were initiated by the Balanced Budget Act of 1997.
- These caps were implemented in 1999 and for a short time in 2003.
- Congress placed moratoria on the limits for 2004 and 2005.
- The moratoria are no longer in place, and caps were implemented on January 1, 2006.
- Congress has provided that exceptions to these dollar limitations of \$1,740 for each cap in 2006 may be made when provision of additional therapy services is determined to be medically necessary.
- Effective January 1, 2006, a financial limitation (therapy cap) was placed on outpatient rehabilitation services received by Medicare beneficiaries.
- These limits apply to outpatient Part B therapy services from all settings except the outpatient hospital (place of service code 22 on carrier claims) and the hospital emergency room (place of service code 23 on carrier claims).
- Outpatient rehabilitation services include the following:

- **Physical therapy** - including outpatient speech-language pathology: combined annual limit for 2006 is \$1,740; and
- **Occupational therapy** - Annual limit for 2006 is \$1,740.
- In 2006 Congress passed the Deficit Reduction Act (DRA), which allows the Centers for Medicare & Medicaid Services (CMS) to grant, at the request of the individual enrolled under the Part B benefit or a person acting on behalf of that individual, exceptions to therapy caps for services provided during calendar year 2006, if these services meet certain qualifications as medically necessary services (Section 1833(g)(5) of the Social Security Act).
- The exception process may be accomplished automatically for certain services, and by request for exception, with the accompanied submission of supporting documentation, for certain other services.
- Medicare beneficiaries will be automatically excepted from the therapy cap and will not be required to submit requests for exception or supporting documentation if those beneficiaries:
  - Meet specific conditions and complexities listed in the *Medicare Claims Processing Manual*, Pub. 100-04, Chapter 5, (as revised by CR4364) for exception from the therapy cap; or
  - Meet specific criteria for exception, in addition to those listed in the *Medicare Claims Processing Manual*, Pub. 100-4, Chapter 5, where the Medicare contractor has published additional exceptions, when the contractor believes, based on the strongest evidence available, that the beneficiary will require additional therapy visits beyond those payable under the therapy cap.
- Medicare beneficiaries may be manually excepted from the therapy cap if their providers believe that the beneficiaries will require more therapy visits than those payable under the therapy cap, but the patients do not meet at least one of the above bulleted criteria for automatic exceptions.
- Providers may submit a request, with supporting documentation, for a specific number (not to exceed 15 future treatment days for each discipline of occupational therapy, physical therapy, and speech language pathology services) of additional therapy visits.
- Refer to the *Additional Information* section of MM4364 for more detailed information about the therapy caps exception process including:
  - Billing Guidelines
  - Documentation requirements
  - Medicare contractor decisions
  - Revised Medicare Summary Notice messages.

## Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4364.pdf>

The *Medicare Benefit Policy Manual* revision is at

<http://www.cms.hhs.gov/Transmittals/downloads/R52BP.pdf> on the CMS web site.

The *Medicare Claims Processing Manual* revision is located at

<http://www.cms.hhs.gov/Transmittals/downloads/R855CP.pdf> on the CMS web site.

The *Medicare Program Integrity Manual* revision is located at <http://www.cms.hhs.gov/Transmittals/downloads/R140PI.pdf> on the CMS web site.

Affected providers who have any questions, should contact their Medicare contractor at their toll free number, which is available at <http://www.cms.hhs.gov/apps/contacts/> on the CMS web site.