

MLN Matters Number: MM4115

Related Change Request (CR) #: 4115

Related CR Release Date: November 18, 2005

Effective Date: January 1, 2006

Related CR Transmittal #: R759CP

Implementation Date: January 3, 2006

Therapy Caps To Be Effective January 1, 2006

Note: This article was revised to contain web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Therapists and providers who bill Medicare carriers or fiscal intermediaries (FIs) for therapy services for their patients

Provider Action Needed



STOP – Impact to You

Beginning January 1, 2006, financial limitation of therapy services (therapy caps) will be implemented. *The dollar amount for the 2006 limitation on physical therapy and speech-language pathology services from January 1, 2006, through December 31, 2006, will be \$1,740.00 both services combined. The limitation on occupational therapy services separately is also \$1,740.00. The limits do not apply to outpatient Part B therapy services in outpatient hospital or hospital emergency room settings or to services that meet Medicare criteria for exceptions.*



CAUTION – What You Need to Know

Please be aware of the January 1, 2006, therapy services caps.



GO – What You Need to Do

Remember that services must meet the Medicare policies in the Medicare Benefit Policy Manual (publication 100-02), Chapter 15, Sections 220 and 230. This manual is available at <http://www.cms.hhs.gov/Manuals/IOM/list.asp#TopOfPage> on the CMS website.

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Background

Financial limitations on therapy services (therapy caps) are currently described in the *Medicare Claims Processing Manual* (Pub. 100-04), chapter 5, section 10.2, which is available at

<http://www.cms.hhs.gov/manuals/downloads/clm104c05.pdf> on the CMS website. The dollar amount for the limitations in 2006 is based on the Medicare Economic Index that is published in the final rule for the Medicare Physician Fee Schedule in November, 2005.

Section 4541(a)(2) of the Balanced Budget Act (BBA) (P.L. 105-33) of 1997, required payment under a prospective payment system for outpatient rehabilitation services (physical therapy, including outpatient speech-language pathology, and occupational therapy). Section 4541(c) of the BBA required the application of a financial limitation to all outpatient rehabilitation services (except outpatient departments of hospitals).

These limits were in effect in 1999, but were removed by law in 2000-2002. The statutory limits went back into effect September 1, 2003. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 re-enacted the moratorium and extended it until December 31, 2005.

Additional Information

There is additional information located on the Rehabilitation Therapy Information Resource for Medicare website located at

http://www.cms.hhs.gov/TherapyServices/01_overview.asp#TopOfPage on the CMS website.

The official instruction issued to your FI or carrier regarding this change may be found by going to

<http://www.cms.hhs.gov/transmittals/downloads/R759CP.pdf> on the CMS website.

Please refer to your local FI or carrier if you have any questions. To find the toll free phone number, go to

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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