

Physical Therapy Cap – Ask the Contractor Teleconference December 14, 2005

Good Afternoon and welcome to today's call.

Our topic today is the re-implementation of the Physical Therapy Cap.

Background

Section 221 of the Balanced Budget Refinement Act (BBRA) of 1999 placed a 2-year moratorium on the application of the financial limitation for claims for therapy services with dates of service January 1, 2000 through December 31, 2001.

Section 421 of the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000, extended the moratorium on application of the financial limitation to claims for outpatient rehabilitation services with dates of service January 1, 2002, through December 31, 2002. Therefore, the moratorium was for a 3-year period and applied to outpatient rehabilitation claims with dates of service January 1, 2000 through December 31, 2002.

In 2003, there was not a moratorium on therapy caps. Implementation was delayed until September 1, 2003. Therapy caps were in effect for services rendered on September 1, 2003 through December 7, 2003.

Congress re-enacted a moratorium on financial limitations on outpatient therapy services on December 8, 2003 that extends through December 31, 2005. Caps will be implemented again on January 1, 2006 unless there is legislation to change them before that time.

Application of Financial Limitation

The financial limitations on outpatient therapy services begins for therapy services rendered on or after January 1, 2006, and continues through December 31, 2006. The annual limit on the allowed amount for outpatient physical therapy and speech-language pathology combined is \$1,740; the limit for occupational therapy is \$1,740. Limits apply to outpatient Part B therapy services.

The financial limitations will be applied to the allowed amount for therapy services for each beneficiary. The allowed amount is the amount in the Medicare Physician Fee Schedule (or the amount charged if it is smaller) less the coinsurance (20 percent) and any deductible that may apply. If the deductible has been met prior to submission of a therapy claim for \$1,740 of services,



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Medicare will pay 80 percent of the allowed amount or \$1,392 and the beneficiary will pay the 20 percent coinsurance (\$348). If the deductible has not been met, the beneficiary will also pay the deductible amount of \$124 for 2006. For claims with dates of service from January 1, 2006 through December 31, 2006, Medicare shall apply these financial limitations in order according to the dates when the claims were received. When limitations apply, the Common Working File tracks the limits.

Modifiers

GN – Services delivered under an outpatient speech language pathology plan of care.
GO – Services delivered under an occupational therapy plan of care.
GP – Services delivered under a physical therapy plan of care.

Advance Beneficiary Notice (ABN)

Providers/suppliers should notify beneficiaries of the therapy financial limitations at their first therapy encounter with the beneficiary. The beneficiaries should be notified that the beneficiaries will be responsible for 100 percent of the costs of therapy services above each respective therapy limit, unless this outpatient care is furnished directly or under arrangements by a hospital.

It is the provider's responsibility to present each beneficiary with accurate information about the therapy limits, and that, where necessary, appropriate care above the limits can be obtained at a hospital outpatient therapy department.

ABNs cannot be used for the financial limitation because of the statutory nature. However, you are encouraged to have the patient sign a Notice of Exclusion from Medicare Benefits (NEMB) form or a similar form of your own design to inform beneficiaries of the therapy financial limitation.

Continue to use an ABN if you are providing a service that is normally covered and we may deny for medical necessity.

The forms can be found on CMS Web site at www.cms.hhs.gov/medicare/bni.

This concludes the presentation. Does anyone have any questions?