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Implementation Date: December 8, 2003

Medlearn Matters Number: MM3005

Renewed Moratorium on Outpatient Rehabilitation Therapy Caps

Provider Types Affected

This Change Request affects providers of outpatient physical therapy, speech-language pathology, and occupational therapy services.

Provider Action Needed

STOP – Impact to You

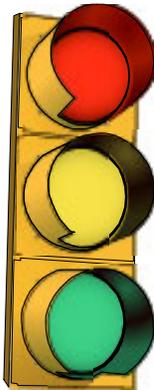
Beginning December 8, 2003 and continuing through December 31, 2005, there are no payment caps on claims received for physical therapy, speech-language pathology, and occupational therapy services. The payment caps for these services remain in effect for claims received on September 1, 2003 through December 7, 2003, for services rendered during that timeframe.

CAUTION – What You Need to Know

The recently-enacted Medicare Prescription Drug Modernization Act of 2003 renewed the moratorium on physical therapy, speech-language pathology, and occupational therapy services payment caps, effective on December 8, 2003, and continuing through calendar year 2005. The payment cap on services provided—and for which claims were received from September 1, 2003 through December 7, 2003 for outpatient physical therapy and speech-language pathology services combined—remains \$1590 and for outpatient occupational therapy services remains \$1590. These caps are based on the allowed incurred expenses, which are defined as the Medicare Physician Fee Schedule (MPFS) amount before the application of any beneficiary deductible and/or coinsurance. Caps apply to claims received during the time caps were in effect.

GO – What You Need to Do

The payment caps for these services will not be in effect on claims received from December 8, 2003 through December 31, 2005; therefore, you should not limit services or charge beneficiaries for these covered services based on therapy caps. Essentially, the Medicare payment policies with regard to the cap are the same as those prior to September 1, 2003. **Note that the use of therapy modifiers is still required.**



Background

The Balanced Budget Act (BBA) of 1997 required payment under a prospective payment system for outpatient rehabilitation services (physical therapy, speech-language pathology, and occupational therapy), and also set financial limitations for these services.

The Balanced Budget Refinement Act (BBRA) of 1999 placed a two-year moratorium on these limitations effective January 1, 2000 through December 31, 2001. This moratorium was further extended through December 31, 2002 by the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000.

In 2003, although there was not a moratorium on these payment limitations, their implementation was delayed until September 1, 2003. The financial limitations remain in effect for services provided and claims received for those services from September 1, 2003 through December 7, 2003, when the Medicare Prescription Drug Modernization Act of 2003 renewed the moratorium until the end of calendar year 2005.

Important Dates to Know

This Change Request was implemented on December 8, 2003 and became effective on December 8, 2003.

Related Instructions

To learn more about these issues, look for CR3005 on the Medicare web site page for 2003 transmittals. For example, that transmittal contains some specific examples of how the caps are computed for the period from September 1, 2003 through December 7, 2003. The transmittal page may be accessed at:

http://www.cms.hhs.gov/manuals/transmittals/comm_date_dsc.asp

Should you have any questions, please contact your local Medicare carrier or fiscal intermediary. To find your local Medicare contractor, please visit:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>