
CMS Manual System

Pub. 100-02 Medicare Benefit Policy

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 5

Date: JANUARY 9, 2004

CHANGE REQUEST 2859 & 2779

I. SUMMARY OF CHANGES: This transmittal clarifies the time period when a physician must evaluate the patient, corrects omission of non-physician practitioners and occupational therapy services and includes Medicare enrollment policy requirements for physical therapists and occupational therapists in private practice.

NEW/REVISED MATERIAL - EFFECTIVE DATE: February 11, 2004

***IMPLEMENTATION DATE: March 15, 2004**

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	15/220/Coverage of Outpatient Physical Therapy, Occupational Therapy, and Speech-Language Pathology Service under Medical Insurance
R	15/220.3/Conditions for Coverage of Outpatient Physical Therapy, Occupational Therapy or Speech-Language Pathology Services
R	15/220.3.1/Physician's Certification and Recertification
R	15/220.3.2/Outpatient Must be Under Care of Physician
R	15/220.3.3/Outpatient Physical Therapy, Occupational Therapy, or Speech-Language Services Furnished Under Plan
R	15/230/Payable Rehabilitation Services
R	15/230.1/Services Furnished by a Physical or Occupational Therapist in Private Practice

III. FUNDING: *Medicare contractors only:

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification

220 - Coverage of Outpatient Physical Therapy, Occupational Therapy, and Speech-Language Pathology Services under Medical Insurance

(Rev. 5, 01-09-04)

B3-2200, A3-3147, HO-241.1

Coverage of outpatient physical therapy, occupational therapy, and outpatient speech-language pathology services under Part B includes such services furnished directly by the provider and also services furnished under arrangements made by a provider, a physician, a *non-physician practitioner*, a therapist or a supplier qualified to provide the service.

This includes individual practitioners and approved clinics, rehabilitation agencies, and public health agencies as well as participating hospitals, SNFs, HHAs, CORFs, and other rehabilitation facilities. To qualify as providers of services, clinics, rehabilitation agencies, and public health agencies must meet certain conditions enumerated in the law and enter into an agreement with the Secretary in which they agree not to charge any beneficiary for covered services for which the program will pay and to refund any erroneous collections made.

Reimbursement for therapy provided to Part A inpatients of hospitals or SNFs is included in the respective PPS rate. Reimbursement for therapy provided by home health agencies under a plan of treatment is included in the home health PPS rate. Some therapy services are included in hospital outpatient PPS and some are paid under the therapy fee schedule (see the Medicare Claims Processing instructions for a description of applicable rules).

Therapy may be billed by a home health agency on bill type 34x if there are no home health services billed under a home health plan of care at the same time, and there is a valid therapy plan of treatment (e.g., the patient is not homebound).

220.3 - Conditions for Coverage of Outpatient Physical Therapy, Occupational Therapy, or Speech-Language Pathology Services

(Rev. 5, 01-09-04)

B3-2206, A3-3148, HO-242

Refer to [§230.4](#) for independent practitioner rules.

Outpatient physical therapy, occupational therapy, or speech-language pathology services furnished to a beneficiary by a participating provider are payable only when furnished in accordance with the following conditions:

- Physician's *or non-physician practitioner's* certification and recertification;
- Outpatient must be under the care of a physician *or non-physician practitioner*;
- Outpatient physical therapy, *occupational therapy* or speech-language pathology services furnished under a plan; and
- Services must be furnished on an outpatient basis.

Each of these conditions is discussed separately in the subsections that follow.

In addition, outpatient physical therapy, *occupational and speech-language pathology* services must meet all of the conditions set forth in the Medicare Benefit Policy Manual, Chapter 1, "Inpatient Hospital Services," §100 and §220, and its subsections of this chapter.

220.3.1 - Physician's Certification and Recertification

(Rev. 5, 01-09-04)

B3-2206.1, A3-3148.1, HO-242.1, A3-3350, A3-3322

A - Content of Physician's Certification

The contractor must not pay for outpatient physical therapy, *occupational therapy* or speech-language pathology services unless a physician *or non-physician practitioner* certifies that:

- The services are or were required by the patient.
- A plan for furnishing such services is or was established and periodically reviewed by the physician, *or non-physician practitioner*. Either the physician, *or non-physician practitioner* or the qualified physical therapist providing such services establishes a plan of treatment for outpatient physical therapy services. *Either the physician, or non-physician practitioner or the qualified occupational therapist providing such services establishes a plan of treatment for outpatient occupational therapy services.* Either the physician, *or non-physician practitioner* or the speech-language pathologist providing such services establishes a plan of treatment for outpatient speech-language pathology services.

However, a physician *or non-physician practitioner* must periodically review a plan established by a speech-language pathologist, *occupational therapist* or physical therapist. (See [§220.3.3.](#)) See [§230](#) for specific requirements for a plan established for physical, *occupational, and speech-language pathology* therapy services.

- The outpatient physical therapy, *occupational therapy* or speech-language pathology services are or were furnished while the patient was under the care of a physician *or non-physician practitioner*. (See [§220.3.2.](#))

Since the certification is closely associated with the plan of treatment, the same physician *or non-physician practitioner* who established or reviews the plan of treatment must certify the necessity for services. The plan must be written and developed by the physician *or non-physician practitioner* caring for the patient. The carrier will obtain certification at the time the plan of treatment is established or as soon thereafter as possible.

Physician means a doctor of medicine, osteopathy (including an osteopathic practitioner), podiatric medicine legally authorized to practice by the State in which they perform the services *and optometrist (for low vision only)*. In addition, physician certifications and recertifications by doctors of podiatric medicine *or optometry* must be consistent with the scope of the professional services provided by a doctor of podiatric medicine *or optometry* as authorized by applicable State law.

B - Recertification

When outpatient physical therapy, *occupational therapy* or speech-language pathology services are continued under the same plan of treatment for a period of time, the physician *or non-physician practitioner* must recertify at intervals of at least once every 30 days *from the date last seen by the referring physician or non-physician practitioner* that there is a continuing need for such services and estimate how long services are needed. *Obtain the recertification at the time the plan of treatment is reviewed since the same interval (at least once every 30 days) is required for the review of the plan.* The form of the recertification and the manner of obtaining timely recertification is up to the individual facility and/or practitioner.

C - Method and Disposition of Certifications

There is no requirement that the certification or recertification be entered on any specific form or handled in any specific way as long as the carrier can determine, where necessary, that the certification and recertification requirements are met. The certification by the physician *or non-physician practitioner* is retained by the individual facility and/or practitioner, which also certifies on the billing form that the requisite certifications and recertifications have been made by the physician *or non-physician practitioner* and are on file when it forwards the request for payment to the carrier.

D - Delayed Certification

The individual facility and/or practitioner must obtain certifications and recertifications as promptly as possible. Payment is not made unless the necessary certifications are

secured. In addition to complying with the usual content requirements, delayed certifications and recertifications are to include an explanation for the delay and any other evidence the clinic considers necessary in the case. The format of delayed certifications and recertifications and the method by which they are obtained is left to the individual facility and/or practitioner.

220.3.2 - Outpatient Must be Under Care of Physician

(Rev. 5, 01-09-04)

B3-2206.2, A3-3148.2, HO-242.2

Outpatient physical therapy, occupational therapy, or speech-language pathology services must be furnished to an individual who is under the care of a physician *or non-physician practitioner who certifies the patient's outpatient therapy services. If the therapy service continues past the 60th day, there must be evidence in the patient's clinical record, which is a part of the therapy documentation, that a physician or non-physician practitioner has seen him/her within 60 days after the therapy began and every 30 days past the 60th day. If the requirement is not met, the therapy services are not covered (reasonable and necessary). The 60-day period begins with the therapist or pathologist initial encounter with the patient, i.e., the day when the evaluation is performed. In the event that an evaluation is not indicated the first treatment session begins the 60-day period. The therapist's or pathologist's first encounter with the patient should occur in a timely manner from the date of the physician's therapy referral. For continuity of care the physician or non-physician practitioner who certifies the patient's need for outpatient therapy services is the same person who meets the visit requirements. In addition, timing of recertifications and the visit requirements should coincide.* However, the physician *or non-physician practitioner* still makes the necessary certifications. (See [§§220.3.1](#), [220.3.3](#), and [220.3.4](#).)

220.3.3 - Outpatient Physical Therapy, Occupational Therapy, or Speech-Language Pathology Services Furnished Under Plan

(Rev. 5, 01-09-04)

B3-2206.3, A3-3148.3, HO-242.3

Outpatient physical therapy, occupational therapy, or speech-language pathology services are furnished under a plan established by:

- A physician *or non-physician practitioner* after any necessary consultation with the physical therapist, occupational therapist, or speech-language pathologist, as appropriate;
- The physical therapist who will provide the physical therapy services;
- The occupational therapist who will provide the occupational therapy services; or

- The speech-language pathologist that will provide the speech-language pathology services.

The plan must be established (that is, reduced to writing either by the person who established the plan or by the provider or clinic itself when it makes a written record of that person's oral orders) before treatment is begun. The plan is promptly signed by the ordering physician, *non-physician practitioner*, therapist, or pathologist and incorporated into the facility's permanent record for the patient.

The plan relates the type, amount, frequency, and duration of the physical therapy, occupational therapy, or speech-language pathology *to its inpatients without having to set up facilities and procedures for furnishing those services to its outpatients. However, if the provider chooses to furnish a particular service, it is bound by its agreement not to charge any individual or other person for items or services for which the individual is entitled to have payment made under the program. Thus, whenever a hospital or SNF furnishes outpatient physical therapy, occupational therapy, or speech-language pathology services to a Medicare beneficiary (either directly or under arrangements with others) it must bill the program under Part B and may charge the patient only for the applicable deductible and coinsurance.*

230 - Payable Rehabilitation Services

(Rev. 5, 01-09-04)

B3-2210

A - General

To be covered PT, *OT or speech-language pathology* services, the services must relate directly and specifically to an active written treatment regimen established by the physician *or non-physician practitioner* after any needed consultation with the qualified *PT, OT, or speech-language pathologist* and must be reasonable and necessary to the treatment of the individual's illness or injury. The physician, *non-physician practitioner* or the qualified therapist providing such services may establish a plan of treatment for outpatient PT, *OT, or speech-language pathology* services.

There is a limit for the amount of therapy expenses that is recognized as payable for some years. See the Medicare Claims Processing Manual, Chapter 5, §10.2, for a complete description of this financial limitation.

B - Reasonable and Necessary

To be considered reasonable and necessary the following conditions must be met:

The services must be considered under accepted standards of medical practice to be a specific and effective treatment for the patient's condition;

The services must be of such a level of complexity and sophistication or the condition of the patient must be such that the services required can be safely and effectively performed only by a qualified *PT, OT, or speech language pathologist* or under the therapist's supervision. Services which do not require the performance or supervision of a therapist are not considered reasonable or necessary PT, *OT or speech-language pathology* services, even if they are performed or supervised by a therapist. (When the carrier determines the services furnished were of a type that could have been *safely and related to the maintenance of function (see subsection D) do not require the skills of a qualified physical therapist.*

230.1 - Services Furnished by a Physical or Occupational Therapist in Private Practice

(Rev. 5, 01-09-04)

B3-2215

Private practice includes a therapist whose practice is an unincorporated solo practice, unincorporated partnership, unincorporated group practice, physician group or groups that are not professional corporations, if allowed by State law. Section 1861(r) of the Act

defines a physician as a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicines, a doctor of optometry and a chiropractor who is legally authorized to practice medicines by the State in which he performs such function or action and who is acting within the scope of his license when he performs such functions. Physician group practices may employ PTPPs and/or OTPPs if this employee relationship is permitted by State law. However, therapy provided to Medicare beneficiaries must be done while under the “care of a physician who is a doctor of medicine, osteopathy, podiatric medicine or optometry (low vision rehabilitation only)” or a non-physician practitioner. These physicians or non-physician practitioners provide referrals, certification and recertifications of plans of care for Medicare beneficiaries. As defined in the statute, chiropractors and doctors of dental surgery or dental medicine are not considered physicians for these services and are not able to refer patients for rehabilitation services nor establish therapy plans of care.

For purposes of this provision a physician group practice is defined as one or more physicians and/or non-physician practitioners that desire to bill Medicare as one entity. For further details contact the Office of Financial Management, Division of Provider and Supplier Enrollment.

Private practice also includes a therapist who is practicing therapy as an employee of one of the above or of a professional corporation or other incorporated therapy practice. Private practice does not include individuals when they are working as employees of a provider. A provider as defined in §400.202 includes a hospital, CAH, SNF, HHA, hospice, CORF, CMHC, or an organization qualified under part 485, subpart H (conditions of participation of clinics, rehabilitation agencies, and public health agencies as providers of outpatient physical therapy, occupational therapy and speech-language pathology services) as a clinic, rehabilitation agency, or public health agency.

Services should be furnished in the therapist’s or group’s office or in the patient’s home. The office is defined as the location(s) where the practice is operated, in the State(s) where the therapist (and practice, if applicable) is legally authorized to furnish services, during the hours that the therapist engages in the practice at that location. If services are furnished in a private practice office space, that space would have to be owned, leased, or rented by the practice and used for the exclusive purpose of operating the practice. For example, a therapist in private practice may furnish aquatic therapy in a community center pool. The practice would have to rent or lease the pool for those hours, and the use of the pool during that time would have to be restricted to the therapist’s patients, in order to recognize the pool as part of the therapist’s own practice office during those hours.

Therapists in private practice must be approved as meeting certain requirements, but do not execute a formal provider agreement with the Secretary. For PTPPs and OTPPs, assignment is mandatory. When the PT or OT is the “supplier” of services, the rules for private therapy practice must be followed. When the physician or non-physician practitioner is the “supplier” of services, then the “incident to” rules must be followed.

The PTPPs or OTPPs in a physician group can be either salaried W-2 employees or contract 1099 employees. The PTPP/OTPP contract 1099 employee must follow current reassignment rules that indicate that these services must be provided on the premises that are rented, owned or leased by the physician group, just as required for physicians in a group practice who are reassigning their benefits to the physician group practice

Therapists in private practice employed by physician groups or non-professional corporations who enroll in Medicare as PTPP or OTPP need not be supervised. The therapist must personally supervise therapy assistants. Personal supervision requires that the therapist be in the room during the performance of the service. (For coverage guidelines, see [§230](#) for physical therapy, and [§230.4](#) for occupational therapy.) Medicare payment is based on the Medicare physician fee schedule less coinsurance and any deductible amounts due.

There is a limit for the amount of therapy expenses that is recognized as payable for some years. See the Medicare Claims Processing Manual, Chapter 5, §10.2, for a complete description of this financial limitation.

NOTE: The limit on expenses applies only to items and services covered under the therapy benefit. It does not apply to items covered under a separate benefit; e.g., braces that are furnished and billed *by an occupational or physical therapist and billed as durable medical equipment.*

NOTE: Services furnished by a therapist in the therapist's office under arrangements with hospitals in rural communities and public health agencies (or services provided in the beneficiary's home under arrangements with a provider of outpatient physical or occupational therapy services) are not covered under this provision.