

Medlearn Matters Number: MM4115

Related Change Request (CR) #: 4115

Related CR Release Date: November 18, 2005

Effective Date: January 1, 2006

Related CR Transmittal #: 759

Implementation Date: January 3, 2006

Therapy Caps To Be Effective January 1, 2006

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. This limitation is similar to the limitation implemented on September 3, 2003, except for a change in the dollar amount. **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. The limitation on occupational therapy services is also \$1,740.00.**



CAUTION – What You Need to Know

Carriers and FIs will not change the way outpatient therapy service claims (physical therapy, including outpatient speech-language pathology, and occupational therapy) were processed from September 1, 2003 through December 7, 2003.



GO – What You Need to Do

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

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/104_claims/clm104c05.pdf on the CMS web site. The dollar amount for the limitations in 2006 is based on the Medicare

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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 web site located at

<http://www.cms.hhs.gov/providers/therapy> on the CMS web site.

You will also find a PowerPoint Demonstration on Outpatient therapy caps on that site under the heading, "Therapy Cap Status". ([Outpatient Therapy Caps - PowerPoint Demonstration](#) posted November 14, 2005.

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

http://www.cms.hhs.gov/manuals/transmittals/comm_date_dsc.asp on the CMS web site. From that web page, look for CR4115 in the CR NUM column on the right, and click on the file for that CR.

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/medlearn/tollnums.asp> on the CMS web site.

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