CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1411	Date: August 1, 2014
	Change Request 8686

SUBJECT: Removal of User-Controlled Effective Date to Apply Therapy Caps to Critical Access Hospital (CAH) Claims

I. SUMMARY OF CHANGES: The application the therapy caps to outpatient therapy services provided in CAHs was initially implemented on a time-limited basis. As a result of subsequent rulemaking, this policy is no longer time-limited and is not subject to periodic legislative extensions. This transmittal revised Medicare systems to remove user-controlled effective dates from the process which applies the therapy caps to CAH claims.

EFFECTIVE DATE: January 1, 2015

*Unless otherwise specified, the effective date is the date of service.

IMPLEMENTATION DATE: January 5, 2015

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. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated) R=REVISED, N=NEW, D=DELETED-*Only One Per Row*.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE			
N/A	N/A			

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

Pub. 100-20 Transmittal: 1411 Date: August 1, 2014 Change Request: 8686

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I. GENERAL INFORMATION

A. Background: In 2012, CMS issued Change Request (CR) 7881, which created a mechanism to allow Medicare Administrative Contractors (MACs) to count CAH services towards the therapy cap amounts. This same mechanism also allowed the MACs to apply the caps to services furnished by CAHs on a timelimited basis, if subsequent legislation made this necessary. The legislation that followed, the American Taxpayer Relief Act of 2012 (ATRA), did not explicitly make the therapy caps applicable to services furnished by CAHs, but provided a methodology to count CAH services towards the caps using the Medicare Physician Fee Schedule rate. In order to ensure that CAH services counted towards the cap amounts without being subject to the cap policy, CMS issued subsequent instructions for MACs to automatically apply the KX modifier to CAH services found to be over the caps, effective January 1, 2013.

In recent rulemaking, CMS modified the regulation at 42 CFR § 410.59 and § 410.60 so that outpatient therapy services furnished by a CAH are subject to the therapy cap and related policies, beginning January 1, 2014 and not subject to any time limitation. In order to implement this policy quickly, CMS issued CR 8426 which instructed MACs to use the existing contractor-controlled mechanism to apply the therapy caps to CAH claims. In order to prevent misunderstandings and system maintenance in the future, the requirements that follow remove reliance on the contractor-controlled mechanism and make the application of therapy caps to CAH claims part of hard-coded Original Medicare systems edits.

B. Policy: This CR contains no new policy.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B		A/B D			D Shared-			Other
		N	MA		M	System				
					Е	Maintainers				
		Α	В	Н		F	M	V	C	
				Н	M	I	C	M	W	
				Н	A	S	S	S	F	
					C	S				
8686.1	The contractor shall update the legislation effective	X								
	screen for legislation effective indicator B so that the									
	effective through date is 01/01/2015.									
8686.2	The contractor shall add therapy payment amounts to								X	
	the therapy cap totals on types of bill 012x with									
	Critical Access Hospital CCNs in the range 1300-1399									
	or 085x regardless of whether a "legislation effective"									
	indicator of B is present on the line.									
8686.3	The contractor shall edit claims for outpatient therapy								X	
	services on types of bill 012x with Critical Access									

Number	Requirement	Responsibility								
			A/B	,	D		Sha	red-	-	Other
		MAC		M	System			l		
					Е	Maintainers			ers	
		A	В	Н		F	M	V	C	
				Н	M	I	C	M	W	
				Н	A	S	S	S	F	
					C	S				
	Hospital CCNs in the range 1300-1399 or 085x									
	against the therapy caps regardless of whether a									
	"legislation effective" indicator of B is present on the									
	line.									

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
			A/B IAC	H H H	D M E M A C	CEDI
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A *"Should" denotes a recommendation.*

X-Ref	Recommendations or other supporting information:
Requirement	
Number	

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Wil Gehne, wilfried.gehne@cms.hhs.gov.

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0