

Center for Medicaid and State Operations/Survey and Certification Group

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Ref: S&C-06-15

**DATE:** May 11, 2006

**TO:** State Survey Agency Directors

**FROM:** Director  
Survey and Certification Group

**SUBJECT:** Clarification of Physical Therapy Service Requirements for Rehabilitation  
Agency Providers

**Letter Summary**

This letter clarifies existing regulation stating that rehabilitation agencies cannot provide occupational therapy services without also providing physical therapy or speech-language pathology services.

Federal regulations at 42 CFR Section 485.703 define a rehabilitation agency as—

an agency that provides an integrated interdisciplinary rehabilitation program designated to upgrade the physical functioning of handicapped disabled individuals by bringing specialized rehabilitation staff together to perform as a team; and must provide at least the following services: physical therapy or speech-language pathology services and social or vocational adjustment services.

Thus, it is clear from the text of this regulation that a rehabilitation agency must, at a minimum, provide either physical therapy or speech language pathology services.

Nowhere in 42 CFR Part 485 Subpart H do the regulations state that occupational therapy may be provided without also providing either physical therapy or speech-language pathology services. Similarly, nowhere in 42 CFR Part 485 Subpart H is there any provision for rehabilitation agencies to substitute occupational therapy services for either of these two required services. While Subpart H has detailed requirements for both physical therapy services and speech pathology services, there is no mention of occupational therapy.

Occupational therapy is an option for rehabilitation agencies, but not as a substitute for required physical therapy or speech-language pathology services. A failure by a rehabilitation agency to provide required services would jeopardize its Medicare provider agreement.

There may have been some confusion over the interplay between sections 1861(g) and 1861(p) of the Social Security Act which has led some to believe that occupational therapy could be substituted for the provision of physical therapy services. Section 1861(g) provides that the term “occupational therapy services” has the same meaning as “physical therapy services” as that term appears in section 1861(p). These provisions mean only that occupational therapy services must meet the same requirements as those that apply to physical therapy services. For example, it means that occupational therapy services must be under a care of a physician, as in 1861 (p)(1), and must be furnished according to a plan of treatment including the type, amount and duration of the therapy services and must be periodically reviewed by a physician, as noted in 1861 (p)(2), at least every 30 days. The provisions in no way permit a provider to substitute one for the other where either service is clearly required simply because they must meet the same requirements.

Exhibit 76 (Model letter to Clinics, Rehabilitation Agencies, and Public Health Agencies Initially Applying to Serve as Providers of Outpatient Occupation Therapy services) will be removed from the State Operations Manual. The model letter indicates that a potential outpatient physical therapy provider may establish itself, for certification, by providing outpatient occupational therapy services instead of physical therapy or speech language therapy.

As stated previously in this letter, an outpatient physical therapy provider **must** provide either physical therapy or speech language therapy to receive Medicare certification. It **may** provide occupational therapy as an optional service.

These requirements are specific to Medicare and should not be interpreted to apply to the Medicaid program. Under Medicaid, physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders are individual services, each with provider qualifications that are unique to it and referenced in CFR 440.110. An individual or entity that meets the provider qualifications and elects to furnish services under the Medicaid program may obtain a provider agreement from the State.

For questions on this memo, please contact Georgia Johnson at (410) 786-6859 or via e-mail at [gjohnson4@cms.hhs.gov](mailto:gjohnson4@cms.hhs.gov)

**Effective Date:** Immediately. Please ensure that all appropriate staff are fully informed within 30 days of the date of this memorandum, and disseminate the information to affected providers.

**Training:** The information contained in this announcement should be shared with all survey and certification staff, their managers, the state/regional office training coordinators.

/s/  
Thomas E. Hamilton

cc: Survey and Certification Regional Office Management (G-5)