



Related MLN Matters Article #: SE0815

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Reminder that Exceptions to Therapy Caps are Restricted as of July 1, 2008

Key Words

SE0815, CR5871, MM5871, Exceptions, Therapy, Caps

Provider Types Affected

Therapists and other suppliers or providers, who bill Medicare Carriers, Fiscal intermediaries (FIs), or Part A/B Medicare Administrative Contractors (A/B MACs) for outpatient therapy services for Medicare beneficiaries

Key Points

- **Effective January 1, 2008**, the financial limits on outpatient therapy services were \$1,810 for combined physical therapy and speech-language pathology services and \$1,810 for occupational therapy services.
- As stated in MLN Matters article MM5871, exceptions were allowed for medically necessary outpatient therapy services (that were appropriately billed with the KX modifier) in all settings for services furnished **on or before June 30, 2008**.
- **On or after July 1, 2008**, the exceptions to therapy caps are restricted to those medically necessary services billed by the outpatient departments of hospitals.
- Use of the KX modifier will not be effective on or after July 1, 2008.
- If, on July 1, 2008, a cap has already been reached, a beneficiary who is not a resident in the Medicare certified part of a skilled nursing facility will be able to obtain medically necessary services that exceed the cap only when the services are billed by the outpatient department of a hospital.
- A beneficiary in the Medicare certified part of a skilled nursing facility is restricted by consolidated billing rules from coverage of services that are billed by a hospital.
- Providers should make sure that their billing staff is aware that outpatient therapy caps apply to all services in calendar year 2008, with exceptions for medically necessary services in all settings on or prior to June 30, 2008, and with exceptions limited to the outpatient hospital setting after June 30, 2008.
- Providers might also want to refer to the updated *Medicare Claims Processing Manual*, Chapter 5 (Part B Outpatient Rehabilitation and CORF/OPT Services), Section 10.2 (The Financial Limitation), for the complete documentation of the outpatient therapy services exceptions clarifications. That chapter is

available at <http://www.cms.hhs.gov/manuals/downloads/clm104c05.pdf> on the Centers for Medicare & Medicaid Services website.

Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0815.pdf> on the CMS website.

MM5871 is available at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5871.pdf> on the CMS website.