



Sections 3103 and 3104 of the Patient Protection and Affordable Care Act (PPACA) Extends Certain Payment Provisions Under the Medicare Program Related to Therapy Cap Exceptions and the Billing by Independent Laboratories for the Technical Component of Physician Pathology Services Furnished to Hospital Patients – JA0931

Note: MLN Matters® article SE0931 was revised and re-issued to reflect the impact of the PPACA on the therapy caps exceptions process and on billings by independent laboratories for the technical component of physician pathology services furnished to hospital patients.

Related CR Release Date: N/A **Revised**

Date Job Aid Revised: April 6, 2010

Effective Date: January 1, 2010

Implementation Date: As soon as possible

Key Words	SE0931, Expiration, Payment
Contractors Affected	All Medicare contractors
Provider Types Affected	All Medicare providers are affected.



- Special edition article, SE0931, was reissued by the Centers for Medicare & Medicaid Services (CMS) to notify affected providers that a number of Medicare provisions, such as the *Therapy Cap Exceptions Process and Allowing Independent Laboratories to Bill for the Technical Component of Physician Pathology Services Furnished to Hospital Patients*, have been extended as a result of the PPACA.
- Previously, these provisions were to sunset as of December 31, 2009

Extension of Moratorium That Allows Independent Laboratories to Bill for the Technical Component (TC) of Physician Pathology Services Furnished to Hospital Patients

Provider Needs to Know...

- On March 23, 2010, President Obama signed into law the *Patient Protection and Affordable Care Act*, which extends the moratorium that allows independent laboratories to bill for the TC of physician pathology services furnished to patients in hospitals, effective for claims with dates of service on and after January 1, 2010, through December 31, 2010.
- Therefore, independent laboratories may now submit claims to Medicare for the TC of physician pathology services furnished to patients of a hospital, regardless of the beneficiary's hospitalization status (inpatient or outpatient) on the date that the service was performed.
- This policy is effective for claims with dates of service on or after January 1, 2010, through December 31, 2010. If an independent laboratory previously submitted a claim for services covered by this provision and the claim was denied, the laboratory may contact its Medicare contractor for further instructions.

Extension of Therapy Cap Exceptions Process

- Section 3103 of the PPACA extends the exceptions process for outpatient therapy caps. Outpatient therapy service providers may continue to submit claims with the KX modifier, when an exception is appropriate, for services furnished on or after January 1, 2010, through December 31, 2010.
- Therapy caps are determined on a calendar year basis, so all patients began a new cap year on January 1, 2010.
- For physical therapy and speech language pathology services combined, the limit on incurred expenses is \$1,860. For occupational therapy services, the limit is \$1,860. Deductible and coinsurance amounts applied to therapy services count toward the amount accrued before a cap is reached.
- Providers should be on the alert for more information pertaining to the PPACA.

Background

- In the final physician fee schedule regulation published in the Federal Register on November 2, 1999, CMS stated that it would implement a policy to pay only the hospital for the TC of physician pathology services furnished to hospital patients.
 - At the request of industry, to allow independent laboratories and hospitals sufficient time to negotiate arrangements, the implementation of this rule was administratively delayed. Subsequent legislation formalized a moratorium on the implementation of the rule.
 - Although the previous extension of the moratorium expired at the end of 2009, Section 3104 of the PPACA restored the moratorium retroactive to January 1, 2010.
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Operational Impact	N/A
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Reference Materials	The related MLN Matters® article can be found at http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0931.pdf on the CMS website.
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