



Annual Update to the Per-Beneficiary Therapy Amounts

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Related Change Request (CR) Number: CR 11055

Related CR Release Date: November 30, 2018

Effective Date: January 1, 2019

Related CR Transmittal Number: R4178CP

Implementation Date: January 7, 2019

PROVIDER TYPE AFFECTED

This MLN Matters® Article is intended for physicians, therapists, and other providers submitting claims to Medicare Administrative Contractors (MACs), including Home Health & Hospice MACs, for outpatient therapy services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR 11055 describes the annual per-beneficiary incurred expense amounts now known as the KX modifier thresholds, and related policy updates for CY 2019. These amounts were previously associated with the financial limitation amounts that were more commonly referred to as “therapy caps” before the application of the therapy limits/caps was repealed when the Bipartisan Budget Act of 2018 (BBA of 2018) was signed into law. Another provision of the BBA of 2018 lowers the threshold of the targeted medical review process as explained in the Background section below.

For CY 2019, the KX modifier threshold amount for physical therapy (PT) and speech-language pathology (SLP) services combined is \$2,040. For occupational therapy (OT) services, the CY 2019 threshold amount is \$2,040. Make sure that your billing staffs are aware of these updates.

BACKGROUND

Effective for January 1, 2018, section 50202 of the Bipartisan Budget Act of 2018, P.L. 115-123 (BBA of 2018) amended section 1833(g) of the Social Security Act (the Act) to repeal the application of the therapy caps and the therapy caps exceptions process while also retaining and adding limitations to ensure appropriate therapy. The therapy caps or financial limitations originally applied through section 4541(c) of the Balanced Budget Act of 1997, P.L. 105-33 (1997 BBA) are no longer applicable to beneficiaries.

A separate provision of section 50202 of the BBA of 2018 adds section 1833(g)(7)(A) of the Act to preserve the former therapy cap amounts as thresholds above which claims must include the KX modifier to confirm that services are medically necessary as justified by appropriate documentation in the medical record. Claims from suppliers or providers for therapy services above these amounts without the KX modifier are denied. These amounts are now known as

the KX modifier thresholds.

Just as with the incurred expenses for the therapy cap amounts, there is one KX modifier threshold amount for physical therapy (PT) and speech-language pathology (SLP) services combined and a separate amount for occupational therapy (OT) services. These per-beneficiary amounts under section 1833(g) of the Act (as amended by 1997 BBA) are updated each year by the Medicare Economic Index (MEI).

For CY 2019, the KX modifier threshold amounts are: (a) \$2,040 for PT and SLP services combined, and (b) \$2,040 for OT services.

Another provision of section 50202 of the BBA of 2018 adds section 1833(g)(7)(B) of the Act which maintains the targeted medical review process (first established through section 202 of the Medicare Access and CHIP Reauthorization Act of 2015), but at a lower threshold than the \$3,700 amount established as part of the therapy caps exceptions process via section 3005 of the Middle Class Tax Relief and Jobs Creation Act of 2012. For CY 2018 (and each successive calendar year until 2028, at which time it is indexed annually by the MEI), this now-termed Medical Review (MR) threshold amount is \$3,000 for PT and SLP services combined and \$3,000 for OT services.

For more information, please see the pages for Therapy Services of CMS-1693-F on the CMS web page at the following link for PFS Federal Regulation Notices:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices.html>.

ADDITIONAL INFORMATION

The official instruction, CR11055, issued to your MAC regarding this change is available at

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R4178CP.pdf>.

If you have questions, your MACs may have more information. Find their website at

<http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
December 4, 2018	Initial article released.

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