



## Updates to Reflect Removal of Functional Reporting Requirements and Therapy Provisions of the Bipartisan Budget Act of 2018

MLN Matters Number: MM11120 **Revised**      Related Change Request (CR) Number: 11120

Related CR Release Date: January 25, 2019      Effective Date: January 1, 2019

Related CR Transmittal Numbers:      Implementation Date: February 26, 2019  
R4214CP, R255BP

**Note: We revised this article on February 26, 2019, to show the correct acronym for the Balanced Budget Act of 2018 is BBA of 2018. All other information remains the same.**

### PROVIDER TYPES AFFECTED

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This MLN Matters Article is intended for therapists, physicians, certain nonphysician practitioners and other providers of therapy services – including physical therapy (PT), occupational therapy (OT) and speech-language pathology (SLP) services – who submit professional or institutional claims to Medicare Administrative Contractors (MACs) for therapy services provided to Medicare beneficiaries.

### PROVIDER ACTION NEEDED

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CR 11120 updates both the Medicare Benefit Policy Manual and Medicare Claims Processing Manual to reflect recent changes in outpatient therapy services billing instructions and payment policies related to the Bipartisan Budget Act of 2018 and the Calendar Year (CY) 2019 Medicare Physician Fee Schedule (MPFS) Final Rule. These policy revisions include: (a) the repeal of the application of the outpatient therapy caps and the retention of the therapy cap amounts as thresholds of incurred expenses above which claims must include a modifier to confirm services are medically necessary as shown by medical record documentation; and, (b) the discontinuation of the functional reporting requirements. Please make sure your billing staffs are aware of these changes.

### BACKGROUND

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Section 50202 of the Bipartisan Budget Act of 2018 (**BBA of 2018**) repeals application of the Medicare outpatient therapy caps but retains the former cap amounts as a threshold of incurred expenses above which claims must include a KX modifier as a confirmation that services are

medically necessary as justified by appropriate documentation in the medical record.

After a consideration of stakeholders' requests for burden reduction and a review of the Middle Class Tax Relief and Jobs Creation Act of 2012 (MCTRJCA) requirements, the Centers for Medicare & Medicaid Services (CMS) concluded in the CY 2019 MPFS final rule that continued collection of functional reporting data through the same format would not yield additional information to inform future analyses. The rule ended the functional reporting requirements to reduce burden of reporting for providers of therapy services.

CR 11120 updates Chapters 12 and 15 of the Medicare Benefit Policy Manual and Chapter 5 of the Medicare Claims Policy Manual to reflect these changes to law and regulation. **Note:** The relevant manual chapters are attached to CR 11120 for your review.

Effective for dates of service on or after January 1, 2018, providers of therapy services shall continue to report the KX modifier on claims as applicable. The modifier no longer represents an exception request but serves as a confirmation that services are medically necessary as justified by appropriate documentation in the medical record after the beneficiary has exceeded the threshold of incurred expenses.

Effective for dates of service on or after January 1, 2019, HCPCS G-codes and severity modifiers for functional reporting are no longer required on claims for therapy services.

## ADDITIONAL INFORMATION

The official instructions for CR 11120 issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4214CP.pdf> and <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R255BP.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
February 26, 2019	We revised this article to show the correct acronym for the Balanced Budget Act of 2018 is BBA of 2018. All other information remains the same.
January 25, 2019	Initial article released.

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