

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



MLN Matters® Number: MM9489

Related Change Request (CR) #: CR 9489

Related CR Release Date: February 4, 2016

Effective Date: Dates of service on or after January 1, 2016 for Maryland hospitals; Dates of service on or after July 1, 2016, for rehabilitation agencies and CORFs

Related CR Transmittal #: R3454CP

Implementation Date: July 5, 2016

Correction to Applying Therapy Caps to Maryland Hospitals and Billing Requirement for Rehabilitation Agencies and Comprehensive Outpatient Rehabilitation Facilities (CORFs)

Provider Types Affected

This MLN Matters® Article is intended for Rehabilitation Agencies and Comprehensive Outpatient Rehabilitation Facilities (CORFs) and to Maryland hospitals that provide therapy services and submit claims to Medicare Administrative Contractors (MACs) for services to Medicare beneficiaries.

Provider Action Needed

Change Request (CR) 9489 contains no new policy. It corrects the implementation of the policy established in [CR9223](#).

- Modifies the requirements of CR9223 to ensure therapy caps are applied correctly to claims from certain Maryland hospitals. This does not constitute a change in policy for Maryland hospitals.
- Adds instructions to the “Medicare Claims Processing Manual” to clarify billing requirements for rehabilitation agencies and CORFs when these providers operate multiple sites in differing payment localities.

Make sure your billing staffs are aware of these changes and clarifications.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2014 American Medical Association. All rights reserved.

Background

CR9223 applied the therapy caps and related policies to Maryland outpatient hospital claims (Types of Bill (TOB) 012x and 013x submitted with CMS Certification Numbers (CCNs) beginning with 21). The CR applied cap amounts based on the submitted charge amount on covered outpatient therapy service lines, before applying coinsurance or deductible. This is the correct application of the cap amounts for the majority of Maryland hospitals.

Certain specialty hospitals in Maryland are not paid under the Maryland All-Payer Model. These hospitals are paid for therapy services using the Medicare Physician Fee Schedule (MPFS) amounts. The therapy cap amounts for these claims should be the MPFS amount, before applying coinsurance or deductible, not the submitted charge. Since these hospitals also have CCNs beginning with 21, the implementation of CR9223 caused Medicare systems to begin using the submitted charge amount instead.

As a result of this error, the therapy cap and threshold total for beneficiaries served by these specialty hospitals is incorrect. In many cases the totals may be overstated. The requirements in CR9489 correct the error in Medicare systems and instruct the MACs to adjust claims to correct the therapy cap totals for affected beneficiaries. These adjustments will be made within 30 days of the implementation date of CR9489.

In addition, CR9489 adds instructions to the “Medicare Claims Processing Manual” to add a new billing requirement for rehabilitation agencies and CORFs when these providers operate multiple sites in differing payment localities as determined by the MPFS. These MPFS payment localities are determined by the 9-digit ZIP code where services are provided. Specifically, when rehabilitation agencies and CORFs furnish a service in an off-site location that is in a different 9-digit ZIP code from that of the primary or parent location, the off-site location ZIP code must be reported on the claim. Since these providers are paid subject to the MPFS, the new billing requirement ensures that payments are adjusted based on the applicable payment locality. Until now, rehabilitation agencies and CORFs did not have a mechanism to accurately report the 9-digit ZIP code for the services they provide in off-site locations with differing payment localities. Where a rehabilitation agency or CORF has only one service location, the ZIP code of the primary site of record is used as the MPFS payment locality.

Additional Information

The official instruction, CR9489, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3454CP.pdf> on the CMS website.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2014 American Medical Association. All rights reserved.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2014 American Medical Association. All rights reserved.