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Release: CMS Extends Enforcement Instruction on Supervision Requirements for Outpatient Therapeutic Services in Critical Access and Small Rural Hospitals for CY 2013

On March 15, 2010, the Centers for Medicare & Medicaid Services (CMS) instructed all of its Medicare contractors not to evaluate or enforce the supervision requirements for therapeutic services provided to outpatients in Critical Access Hospitals from January 1, 2010 to December 31, 2010, until the Agency could revisit the supervision policy during the Calendar Year (CY) 2011 rulemaking cycle. While the Agency continued to develop its policy during the CY 2012 rulemaking cycle regarding the supervision of these services, CMS extended this instruction through CY 2011 and expanded it to include small rural hospitals with 100 or fewer beds. For purposes of this notice, CMS defines “small rural hospitals” as hospitals with 100 or fewer beds that are geographically located in a rural area or that are paid under the hospital outpatient prospective payment system with a rural wage index.

We extended this enforcement instruction to our contractors for another year, through CY 2012, to allow time for the initiation of supervision reviews by the Advisory Panel on Hospital Outpatient Payment (the Panel), which began in early 2012 and are continuing in accordance with the provisions of the CY 2012 Outpatient Prospective Payment System/Ambulatory Surgical Center final rule (76 FR 74371). CMS is now extending this instruction an additional year through CY 2013. This additional year, which will be the final year of the extension, will provide additional opportunities for stakeholders to bring their issues to the Panel.

CMS continues to expect the hospitals covered under this notice to fulfill all other Medicare program requirements when providing services to Medicare beneficiaries and when billing Medicare for those services. While CMS is instructing contractors not to enforce the supervision requirements for outpatient therapeutic services in these hospitals for CY 2010-2013, we continue to emphasize quality and safety for services provided to all patients in these facilities.