



# POLARIS PULSE®

*A Bi-monthly Informational Bulletin Brought To You By Polaris Group*

## Outpatient Therapy Caps Return for 2006

The moratorium on Part B Therapy Caps expired on December 31, 2005. In accordance with the Balance Budget Act of 1997, outpatient therapy limits apply beginning January 1, 2006.

- 2006 limits apply in the same manner as those imposed in 2003 - each beneficiary's service is limited for each cap.
- The dollar amount for each cap in Calendar Year 2006 is \$1740.
- One cap is for PT and speech-language pathology (SLP) together and the other is for OT separately.
- "Therapy services" include only outpatient physical therapy, occupational therapy and speech-language pathology in outpatient settings paid under the Physician Fee Schedule.
- These services are identified by the plan of care and the codes that the therapy service provider or supplier uses in billing. See Pub 100-04 Ch 5, Sec. 20 for codes.

### Outpatient Therapy Service Providers and Suppliers Included in Limits

Outpatient Therapy Services from:

- Physicians,
- Physical therapists,
- Occupational therapists,
- Speech-language pathologists,
- Nurse practitioners,
- Clinical nurse specialists, and
- Physician assistants

### Outpatient Therapy Services Settings Included in Limits

Outpatient therapy services provided, for example, at:

- Private practices of therapists, physicians and non-physician practitioners,
- Outpatient rehabilitation facilities/rehabilitation agencies,
- Comprehensive outpatient rehabilitation facilities,
- Skilled nursing facilities (SNF) providing service to outpatients or residents who are not in covered stays, and
- Home from home health agencies for outpatients who are not getting Medicare-covered home health care.

### Pending Legislation

The Deficit Reduction Act (DRA) legislation, agreed to during a House/Senate conference prior to the holiday break called for the re-implementation of the therapy caps with an exemption process allowing Medicare patients to receive medically necessary services beyond the \$1,740 cap. **IF enacted** it will provide the authority for a critical exceptions process to the therapy caps. Congress is not scheduled to reconvene until February to vote on the **pending legislation**. **AT THIS TIME THE CAPS ARE IN PLACE WITHOUT EXCEPTION.**

### Limited Services:

- The beneficiary is responsible for the deductible and the 20% copay.
- Medicare pays up to 80% of the remainder, after the deductible and copay have been paid.
- The deductible and beneficiary copay amounts are included when calculating the cap utilization.

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### What Services Are Excluded From Therapy Limits?

- Outpatient therapy services billed by hospitals are not included in the limits.
- This means most people covered by Medicare may receive medically necessary, covered, outpatient therapy services even after reaching the limit - if they receive these services from an outpatient hospital department. (See important exception below)

### Important Exception: Limits

- For residents occupying a bed in a nursing home (or a portion of a nursing home) that Medicare certifies as a skilled nursing facility (SNF), Medicare will not cover services from a hospital outpatient department after reaching the limit. Note Consolidated Billing rules in SNFs make this statement true regardless of caps.
- By contrast, residents in a portion of the nursing home that is not certified as a SNF (or an ALF) may receive medically necessary covered services from an outpatient hospital department even after reaching the limit.

### Examples

- The following examples will help you understand what Medicare and beneficiaries might pay for services provided from 1/1/2006-12/31/2006.
- These examples apply to persons with Medicare who obtained outpatient therapy services from settings that are limited. They do not apply to services from a hospital.

#### Example: 1/1/2006-12/31/2006

#### Part B Deductible Already Met

- Beneficiary has Medicare B and already paid the deductible (\$124 in 2006). After meeting the deductible, s/he received both PT and SLP services.
- The allowed amount was \$2,000, combined and totaled.
- The Medicare limit for outpatient PT/SLP was \$1740.
- Medicare paid \$1392 (80% of \$1740).

- Beneficiary paid \$348 (20% of \$1740) and the extra amount over the limit (\$260) for a total of \$608.

#### Example: 01/01/2006-12/31/2006

#### Part B Deductible Not Already Met

- In October 2006, the beneficiary received outpatient OT. The allowed amount was \$1,000. The Medicare-approved limit was \$1,740.
- The beneficiary paid the deductible \$124.
- The beneficiary also paid \$175.20 as coinsurance (20% of the remaining \$876).
- Medicare paid \$700.80 (80% of \$876).
- If more OT were needed in 2006, Medicare would cover 80% of up to \$740.

### Proper notification

- SNF is responsible with therapy to track to cap limit.
- Determine when possible if therapy already provided that calendar year.
- Prior to last covered service and before first non-covered service, a Part B NEMB should be issued. Suggest talk with resident when at \$1200.00.
- Based on your state, Medicaid may have to authorize or approve for payment beyond limit.
- If you cannot determine if resident has exceeded or will exceed cap (see steps below), issue an ABN or NEMB so resident knows they may be liable.

### How Much of the Caps are USED?

- Medicare Contractors, providers and suppliers can access the accrued amount of therapy services for each beneficiary from the ELGA and ELGB screen inquiries into CWF or the HIPAA 270/271 eligibility inquiry transaction.
- Providers may also access HIQA.
- Those without computer access should call the carrier or Fiscal Intermediary (FI).

### Accuracy of Accrued Amount

- The systems will accurately report the allowed amount that counts toward therapy caps on processed claims.
- No system will be able to report the amount of services that have not been billed, or that have

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been billed but not yet processed.

- Therefore, it is important that claims submitted are timely and error free, so they will be processed quickly.

**More Information:**

- If total claims for outpatient therapy are greater than the limits, and they are not billed by an outpatient hospital, they are denied.
- If the beneficiary continues to receive services above the limit that were not billed by an outpatient hospital, the provider could bill the beneficiary for the cost of the services.
- Other insurers may cover services Medicare denies.
- A beneficiary may always appeal a Medicare denial. However, the limitation is statutory and a Medicare Contractor may not pay a claim after the limit is reached based on the beneficiary's need for the services.
- When the beneficiary has other insurance and Medicare is the secondary payer, the Medicare systems will apply to the therapy limit no more than the amount Medicare actually pays as the secondary payer on the claim.

**TELECONFERENCE TRAININGS**

Polaris Group is pleased to present the following *CEU approved* teleconference trainings

**Live Teleconference Trainings**

<u>Topic</u>	<u>Date</u>
Survey Process, Preparation and Mgmt	1/17
SNF Final Rules & ARD Management	1/19
Implementing Your QA Program	1/24
Super Supervisor	1/26
SNF Part A Denial Notices	2/2
Medicare Billing Introduction	2/7
Master ADL Coding	2/9
Medicare Billing Intermediate	2/14
Sections K, P, and T	2/16
Consolidated Billing and Other Challenges	2/21
Sections I, J, O, and W	2/23
Managing 53 RUGs for Reimbursement	2/27

*Please join us in our Teleconferences .  
For further information regarding these seminars, please contact the Seminar Department at:  
800-275-6252 ext. 233*

**SOLUTION CENTER Q&A**

**“Where No Question Goes Unanswered”**

**Q:** If a resident is discharged from Medicare to home on day #11 after all therapies ended, is an OMRA (Other Medicare Required Assessment) needed since the resident remained on Medicare thru Day #10.

**A:** Yes. An OMRA s required on day # 8, 9 or 10 after all therapies end, with day #1 being the first day without therapy services. Since day #10 is a billable Medicare day, an OMRA would be required.



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