

# Medicare Claims Processing Manual

## Chapter 5 - Part B Outpatient Rehabilitation and CORF/OPT Services

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## **10 - Part B Outpatient Rehabilitation and Comprehensive Outpatient Rehabilitation Facility (CORF) Services - General** **(Rev. 2044, Issued: 09-03-10, Effective: 09-30-10, Implementation: 09-30-10)**

Language in this section is defined or described in Pub. 100-02, chapter 15, sections 220 and 230.

Section 4541(a)(2) of the Balanced Budget Act (BBA) (P.L. 105-33), which added §1834(k)(5) to the Social Security Act (the Act), required that all claims for outpatient rehabilitation services and comprehensive outpatient rehabilitation facility (CORF) services, be reported using a uniform coding system. The CMS chose HCPCS (Healthcare Common Procedure Coding System) as the coding system to be used for the reporting of these services. This coding requirement is effective for all claims for outpatient rehabilitation services and CORF services submitted on or after April 1, 1998.

The BBA also required payment under a prospective payment system for outpatient rehabilitation services including CORF services. Effective for claims with dates of service on or after January 1, 1999, the Medicare Physician Fee Schedule (MPFS) became the method of payment for outpatient therapy services furnished by:

- Comprehensive outpatient rehabilitation facilities (CORFs);
- Outpatient physical therapy providers (OPTs);
- Other rehabilitation facilities (ORFs);
- Hospitals (to outpatients and inpatients who are not in a covered Part A stay);
- Skilled nursing facilities (SNFs) (to residents not in a covered Part A stay and to nonresidents who receive outpatient rehabilitation services from the SNF); and
- Home health agencies (HHAs) (to individuals who are not homebound or otherwise are not receiving services under a home health plan of care (POC)).

**NOTE:** No provider or supplier other than the SNF will be paid for therapy services during the time the beneficiary is in a covered SNF Part A stay. For information regarding SNF consolidated billing see chapter 6, section 10 of this manual.

Similarly, under the HH prospective payment system, HHAs are responsible to provide, either directly or under arrangements, all outpatient rehabilitation therapy services to beneficiaries receiving services under a home health POC. No other provider or supplier will be paid for these services during the time the beneficiary is in a covered Part A stay. For information regarding HH consolidated billing see chapter 10, section 20 of this manual.

Section 143 of the Medicare Improvements for Patients and Provider's Act of 2008 (MIPPA) authorizes the Centers for Medicare & Medicaid Services (CMS) to enroll speech-language pathologists (SLP) as suppliers of Medicare services and for SLPs to begin billing Medicare for outpatient speech-language pathology services furnished in private practice beginning July 1, 2009. Enrollment will allow SLPs in private practice to bill Medicare and receive direct payment for their services. Previously, the Medicare program could only pay SLP services if an institution, physician or nonphysician practitioner billed them.

In Chapter 23, as part of the CY 2009 Medicare Physician Fee Schedule Database, the descriptor for PC/TC indicator "7", as applied to certain HCPCS/CPT codes, is described as specific to the services of privately practicing therapists. Payment may not be made if the service is provided to either a hospital outpatient or a hospital inpatient by a physical therapist, occupational therapist, or speech-language pathologist in private practice.

The MPFS is used as a method of payment for outpatient rehabilitation services furnished under arrangement with any of these providers.

In addition, the MPFS is used as the payment system for CORF services identified by the HCPCS codes in §20. Assignment is mandatory.

The Medicare **allowed charge** for the services is the lower of the actual charge or the MPFS amount. The Medicare payment for the services is 80 percent of the allowed charge after the Part B deductible is met. Coinsurance is made at 20 percent of the lower of the actual charge or the MPFS amount. The general coinsurance rule (20 percent of the actual charges) does not apply when making payment under the MPFS. This is a final payment.

The MPFS does **not** apply to outpatient rehabilitation services furnished by critical access hospitals (CAHs). CAHs are to be paid on a reasonable cost basis.

Contractors process outpatient rehabilitation claims from hospitals, including CAHs, SNFs, HHAs, CORFs, outpatient rehabilitation agencies, and outpatient physical therapy providers for which they have received a tie in notice from the RO. These provider types submit their claims to the contractors using the 837 Institutional electronic claim format or the UB-04 paper form when permissible. Contractors also process claims from physicians, certain nonphysician practitioners (NPPs), therapists in private practices (TPPs), (which are limited to physical and occupational therapists, and speech-language pathologists in private practices), and physician-directed clinics that bill for services furnished incident to a physician's service (see Pub. 100-02, Medicare Benefit Policy Manual, chapter 15, for a definition of "incident to"). These provider types submit their claims to the contractor using the 837 Professional electronic claim format or the CMS-1500 paper form when permissible.

There are different fee rates for nonfacility and facility services. Chapter 23 describes the differences in these two rates. (See fields 28 and 29 of the record therein described).

Facility rates apply to professional services performed in a facility other than the professional's office. Nonfacility rates apply when the service is performed in the professional's office. The nonfacility rate (that is paid when the provider performs the services in its own facility) accommodates overhead and indirect expenses the provider incurs by operating its own facility. Thus it is somewhat higher than the facility rate.

Contractors pay the nonfacility rate on institutional claims for services performed in the provider's facility. Contractors may pay professional claims using the facility or nonfacility rate depending upon where the service is performed (place of service on the claim), and the provider specialty.

Contractors pay the codes in §20 under the MPFS on professional claims regardless of whether they may be considered rehabilitation services. However, contractors must use this list for institutional claims to determine whether to pay under outpatient rehabilitation rules or whether payment rules for other types of service may apply, e.g., OPSS for hospitals, reasonable costs for CAHs.

Note that because a service is considered an outpatient rehabilitation service does not automatically imply payment for that service. Additional criteria, including coverage, plan of care and physician certification must also be met. These criteria are described in Pub. 100-02, Medicare Benefit Policy Manual, chapters 1 and 15.

Payment for rehabilitation services provided to Part A inpatients of hospitals or SNFs is included in the respective PPS rate. Also, for SNFs (but not hospitals), if the beneficiary has Part B, but not Part A coverage (e.g., Part A benefits are exhausted), the SNF must bill for any rehabilitation service.

Payment for rehabilitation therapy services provided by home health agencies under a home health plan of care is included in the home health PPS rate. HHAs may submit bill type 34X and be paid under the MPFS if there are no home health services billed under a home health plan of care at the same time, and there is a valid rehabilitation POC (e.g., the patient is not homebound).

An institutional employer (other than a SNF) of the TPPs, or physician performing outpatient services, (e.g., hospital, CORF, etc.), or a clinic billing on behalf of the physician or therapist may bill the contractor on a professional claim.

The MPFS is the basis of payment for outpatient rehabilitation services furnished by TPPs, physicians, and certain nonphysician practitioners or for diagnostic tests provided incident to the services of such physicians or nonphysician practitioners. (See Pub. 100-02, Medicare Benefit Policy Manual, chapter 15, for a definition of "incident to, therapist, therapy and related instructions.") Such services are billed to the contractor on the professional claim format. Assignment is mandatory.

The following table identifies the provider and supplier types, and identifies which claim format they may use to submit bills to the contractor.

<b>“Provider/Supplier Service” Type</b>	<b>Format</b>	<b>Bill Type</b>	<b>Comment</b>
Inpatient hospital Part A	Institutional	11X	Included in PPS
Inpatient SNF Part A	Institutional	21X	Included in PPS
Inpatient hospital Part B	Institutional	12X	Hospital may obtain services under arrangements and bill, or rendering provider may bill.
Inpatient SNF Part B (audiology tests are not included)	Institutional	22X	SNF must provide and bill, or obtain under arrangements and bill.
Outpatient hospital	Institutional	13X	Hospital may provide and bill or obtain under arrangements and bill, or rendering provider may bill.
Outpatient SNF	Institutional	23X	SNF must provide and bill or obtain under arrangements and bill.
HHA billing for services rendered under a Part A or Part B home health plan of care.	Institutional	32X	Service is included in PPS rate. CMS determines whether payment is from Part A or Part B trust fund.
HHA billing for services not rendered under a Part A or Part B home health plan of care, but rendered under a therapy plan of care.	Institutional	34X	Service not under home health plan of care.
Other Rehabilitation Facility (ORF)	Institutional	74X	Paid MPFS for outpatient rehabilitation services effective January 1, 1999, and all other services except drugs effective July 1, 2000. Starting April 1, 2002, drugs are paid 95% of the AWP. For claims with dates of service on or after July 1, 2003, drugs and biologicals do not apply in an OPT setting. Therefore, FIs are to advise their OPTs not to bill for them.
Comprehensive Outpatient Rehabilitation Facility (CORF)	Institutional	75X	Paid MPFS for outpatient rehabilitation services effective January 1, 1999, and all other services except drugs effective July 1, 2000. Starting April 1, 2002, drugs are paid 95% of the AWP.

<b>“Provider/Supplier Service” Type</b>	<b>Format</b>	<b>Bill Type</b>	<b>Comment</b>
Physician, NPPs, TPPs, (service in hospital or SNF)	Professional	See Chapter 26 for place of service, and type of service coding.	Payment may not be made for therapy services to Part A inpatients of hospitals or SNFs, or for Part B SNF residents. Otherwise, suppliers bill to the contractor using the professional claim format. Note that services of a physician/ NPP/TPP employee of a facility may be billed by the facility to a contractor.
Physician/NPP/TPPs office, independent clinic or patient’s home	Professional	See Chapter 26 for place of service, and type of service coding.	Paid via Physician fee schedule.
Critical Access Hospital - inpatient Part A	Institutional	11X	Rehabilitation services are paid at cost.
Critical Access Hospital - inpatient Part B	Institutional	85X	Rehabilitation services are paid at cost.
Critical Access Hospital – outpatient Part B	Institutional	85X	Rehabilitation services are paid at cost.

Complete Claim form completion requirements are contained in chapters 25 and 26.

For a list of the outpatient rehabilitation HCPCS codes see §20.

If a contractor receives an institutional claim for one of these HCPCS codes with dates of service on or after July 1, 2003, that does not appear on the supplemental file it currently uses to pay the therapy claims, it contacts its professional claims area to obtain the non-facility price in order to pay the claim.

**NOTE:** The list of codes in §20 contains commonly utilized codes for outpatient rehabilitation services. Contractors may consider other codes on institutional claims for payment under the MPFS as outpatient rehabilitation services to the extent that such codes are determined to be medically reasonable and necessary and could be performed within the scope of practice of the therapist providing the service.

## **10.1 - New Payment Requirement for Intermediaries (FIs)**

**(Rev. 1, 10-01-03)**

**A-03-011**

Effective with claims with dates of service on or after July 1, 2003, OPTs/outpatient rehabilitation facilities (ORFs), (74X and 75X bill type) are required to report all their services utilizing HCPCS. FIs are required to make payment for these services under the MPFS unless the item or service is currently being paid under the orthotic fee schedule or the item is a drug, biological, supply or vaccine (see below for an explanation of these services).

The CMS currently provides FIs with a CORF supplemental file that contains all physician fee schedule services and their related prices. FIs use this file to price and pay OPT claims. The format of the record layout is provided in Attachment E of PM A-02-090, dated September 27, 2002. This is located at: [http://cms.hhs.gov/manuals/pm\\_trans/A02090.pdf](http://cms.hhs.gov/manuals/pm_trans/A02090.pdf).

Fiscal FIs will be notified in a one-time instruction of updates to this file and when it will be available for retrieval.

If an FI receives a claim for one of the above HCPCS codes with dates of service on or after July 1, 2003, that does not appear on the CORF supplemental file it currently uses to pay the CORF claims, it contacts its local carrier to obtain the price in order to pay the claim. When requesting the pricing data, it advises the carrier to provide it with the nonfacility fee.

## **10.2 - The Financial Limitation Legislation**

**(Rev. 2073, Issued: 10-22-10, Effective: 01-01-11, Implementation: 01-03-11)**

### **A. Legislation on Limitations**

The dollar amount of the limitations (caps) on outpatient therapy services is established by statute. The updated amount of the caps is released annually via Recurring Update Notifications and posted on the CMS Website [www.cms.gov/TherapyServices](http://www.cms.gov/TherapyServices), on contractor Websites, and on each beneficiary's Medicare Summary Notice. Medicare contractors shall publish the financial limitation amount in educational articles. It is also available at 1-800-Medicare.

Section 4541(a)(2) of the Balanced Budget Act (BBA) (P.L. 105-33) of 1997, which added §1834(k)(5) to the Act, required payment under a prospective payment system (PPS) for outpatient rehabilitation services (except those furnished by or under arrangements with a hospital). Outpatient rehabilitation services include the following services:

- Physical therapy
- Speech-language pathology; and
- Occupational therapy.

Section 4541(c) of the BBA required application of financial limitations to all outpatient rehabilitation services (except those furnished by or under arrangements with a hospital).



In 1999, an annual per beneficiary limit of \$1,500 was applied, including all outpatient physical therapy services and speech-language pathology services. A separate limit applied to all occupational therapy services. The limits were based on incurred expenses and included applicable deductible and coinsurance. The BBA provided that the limits be indexed by the Medicare Economic Index (MEI) each year beginning in 2002.

Since the limitations apply to outpatient services, they do not apply to skilled nursing facility (SNF) residents in a covered Part A stay, including patients occupying swing beds. Rehabilitation services are included within the global Part A per diem payment that the SNF receives under the prospective payment system (PPS) for the covered stay. Also, limitations do not apply to any therapy services covered under prospective payment systems for home health or inpatient hospitals, including critical access hospitals.

The limitation is based on therapy services the Medicare beneficiary receives, not the type of practitioner who provides the service. Physical therapists, speech-language pathologists, and occupational therapists, as well as physicians and certain nonphysician practitioners, could render a therapy service.

## **B. Moratoria and Exceptions for Therapy Claims**

Since the creation of therapy caps, Congress has enacted several moratoria. The Deficit Reduction Act of 2005 directed CMS to develop exceptions to therapy caps for calendar year 2006 and the exceptions have been extended periodically. The cap exception for therapy services billed by outpatient hospitals was part of the original legislation and applies as long as caps are in effect. Exceptions to caps based on the medical necessity of the service are in effect only when Congress legislates the exceptions.

### **10.3 - Application of Financial Limitations**

*(Rev. 2868, Issued: 02-06-14, Effective: 07-01-14, Implementation: 07-07-14)*

(Additions, deletions or changes to the therapy code list are updated via a Recurring Update Notification.)

Financial limitations on outpatient therapy services, as described above, began for therapy services rendered on or after on January 1, 2006. References and polices relevant to the exceptions process in this chapter apply only when exceptions to therapy caps are in effect. For dates of service before October 1, 2012, limits apply to outpatient Part B therapy services furnished in all settings except outpatient hospitals, including hospital emergency departments. These excluded hospital services are reported on types of bill 12x or 13x, or 85x. Effective for dates of service on or after October 1, 2012, the limits also apply to outpatient Part B therapy services furnished in outpatient hospitals other than Critical Access Hospitals. During this period, only type of bill 12x claims with a CMS certification number in the Critical Access Hospital range and type of bill 85x claims are excluded. Effective for dates of service on or after January 1, 2014, the limits also apply to Critical Access Hospitals.

Contractors apply the financial limitations to the MPFS amount (or the amount charged if it is smaller) for therapy services for each beneficiary.

As with any Medicare payment, beneficiaries pay the coinsurance (20 percent) and any deductible that may apply. Medicare will pay the remaining 80 percent of the limit after the deductible is met. These amounts will change each calendar year.

Medicare shall apply these financial limitations in order, according to the dates when the claims were received. When limitations apply, the Common Working File (CWF) tracks the limits. Shared system maintainers are not responsible for tracking the dollar amounts of incurred expenses of rehabilitation services for each therapy limit.

In processing claims where Medicare is the secondary payer, the shared system takes the lowest secondary payment amount from MSPPAY and sends this amount on to CWF as the amount applied to therapy limits.

### **A. Exceptions to Therapy Caps - General**

The following policies concerning exceptions to caps due to medical necessity apply only when the exceptions process is in effect. *Except for the requirement to use the KX modifier, the guidance in this section concerning medical necessity applies as well to services provided before caps are reached.*

Provider and supplier information concerning exceptions is in this chapter and in Pub. 100-02, chapter 15, section 220.3. Exceptions shall be identified by a modifier on the claim and supported by documentation.

The beneficiary may qualify for use of the cap exceptions *process* at any time during the episode when documented medically necessary services exceed caps. All covered and medically necessary services qualify for exceptions to caps. All requests for exception are in the form of a KX modifier added to claim lines. (See subsection D. for use of the KX modifier.)

Use of the exception process does not exempt services from manual or other medical review processes as described in Pub. 100-08. Rather, atypical use of the exception process may invite contractor scrutiny, *for example, when the KX modifier is applied to all services on claims that are below the therapy caps or when the KX modifier is used for all beneficiaries of a therapy provider. To substantiate the medical necessity of the therapy services, document in the medical record* (see Pub. 100-02, chapter 15, sections 220.2, 220.3, and 230).

The KX modifier, described in subsection D., is added to claim lines to indicate that the clinician attests that services *at and above the therapy caps* are medically necessary and justification is documented in the medical record.

### **B. Exceptions Process**

An exception may be made when the patient's condition is justified by documentation indicating that the beneficiary requires continued skilled therapy, i.e., therapy beyond the amount payable under the therapy cap, to achieve their prior functional status or maximum expected functional status within a reasonable amount of time.

No special documentation is submitted to the contractor for exceptions. The clinician is responsible for consulting guidance in the Medicare manuals and in the professional literature to determine if the beneficiary may qualify for the exception because documentation justifies medically necessary services above the caps. The clinician's opinion is not binding on the Medicare contractor who makes the final determination concerning whether the claim is payable.

Documentation justifying the services shall be submitted in response to any Additional Documentation Request (ADR) for claims that are selected for medical review. Follow the documentation requirements in Pub. 100-02, chapter 15, section 220.3. If medical records are requested for review, clinicians may include, at their discretion, a summary that specifically addresses the justification for therapy cap exception.

In making a decision about whether to utilize the exception, clinicians shall consider, for example, whether services are appropriate to--

- The patient's condition, including the diagnosis, complexities, and severity;
- The services provided, including their type, frequency, and duration;
- The interaction of current active conditions and complexities that directly and significantly influence the treatment such that it causes services to exceed caps.

In addition, the following should be considered before using the exception process:

### **1. Exceptions for Evaluation Services**

Evaluation. The CMS will except therapy evaluations from caps after the therapy caps are reached when evaluation is necessary, e.g., to determine if the current status of the beneficiary requires therapy services. For example, the following CPT codes for evaluation procedures may be appropriate:

92521, 92522 , 92523, 92524, 92597, 92607, 92608, 92610, 92611, 92612, 92614, 92616, 96105, 96125, 97001, 97002, 97003, 97004.

These codes will continue to be reported as outpatient therapy procedures as listed in the Annual Therapy Update for the current year at:

[http://www.cms.gov/TherapyServices/05\\_Annual\\_Therapy\\_Update.asp#TopOfPage](http://www.cms.gov/TherapyServices/05_Annual_Therapy_Update.asp#TopOfPage).

They are not diagnostic tests. Definitions of evaluations and documentation are found in Pub. 100-02, sections 220 and 230.

Other Services. There are a number of sources that suggest the amount of certain services that may be typical, either per service, per episode, per condition, or per discipline. For example, see the CSC - Therapy Cap Report, 3/21/2008, and CSC – Therapy Edits Tables 4/14/2008 at [www.cms.hhs.gov/TherapyServices](http://www.cms.hhs.gov/TherapyServices) (Studies and Reports), or more recent utilization reports. Professional literature and guidelines from professional associations also provide a basis on which to estimate whether the type, frequency, and intensity of services are appropriate to an individual. Clinicians and contractors should utilize available evidence related to the patient’s condition to justify provision of medically necessary services to individual beneficiaries, especially when they exceed caps. Contractors shall not limit medically necessary services that are justified by scientific research applicable to the beneficiary. Neither contractors nor clinicians shall utilize professional literature and scientific reports to justify payment for continued services after an individual’s goals have been met earlier than is typical. Conversely, professional literature and scientific reports shall not be used as justification to deny payment to patients whose needs are greater than is typical or when the patient’s condition is not represented by the literature.

## **2. Exceptions for Medically Necessary Services**

Clinicians may utilize the process for exception for any diagnosis or condition for which they can justify services exceeding the cap. Regardless of the diagnosis or condition, the patient must also meet other requirements for coverage.

Bill the most relevant diagnosis. As always, when billing for therapy services, the ICD-9 code that best relates to the reason for the treatment shall be on the claim, unless there is a compelling reason to report another diagnosis code. For example, when a patient with diabetes is being treated with therapy for gait training due to amputation, the preferred diagnosis is abnormality of gait (which characterizes the treatment). Where it is possible in accordance with State and local laws and the contractors’ local coverage determinations, avoid using vague or general diagnoses. When a claim includes several types of services, or where the physician/NPP must supply the diagnosis, it may not be possible to use the most relevant therapy diagnosis code in the primary position. In that case, the relevant diagnosis code should, if possible, be on the claim in another position.

Codes representing the medical condition that caused the treatment are used when there is no code representing the treatment. Complicating conditions are preferably used in non-primary positions on the claim and are billed in the primary position only in the rare circumstance that there is no more relevant code.

The condition or complexity that caused treatment to exceed caps must be related to the therapy goals and must either be the condition that is being treated or a complexity that directly and significantly impacts the rate of recovery of the condition being treated such that it is appropriate to exceed the caps. Documentation for an exception should indicate how the complexity (or combination of complexities) directly and significantly affects treatment for a therapy condition.

If the contractor has determined that certain codes do not characterize patients who require medically necessary services, providers/suppliers may not use those codes, but must utilize a billable diagnosis code allowed by their contractor to describe the patient's condition. Contractors shall not apply therapy caps to services based on the patient's condition, but only on the medical necessity of the service for the condition. If a service would be payable before the cap is reached and is still medically necessary after the cap is reached, that service is excepted.

Contact your contractor for interpretation if you are not sure that a service is applicable for exception.

**It is very important to recognize that most conditions would not ordinarily result in services exceeding the cap.** Use the KX modifier only in cases where the condition of the individual patient is such that services are APPROPRIATELY provided in an episode that exceeds the cap. Routine use of the KX modifier for all patients with these conditions will likely show up on data analysis as aberrant and invite inquiry. Be sure that documentation is sufficiently detailed to support the use of the modifier.

In justifying exceptions for therapy caps, clinicians and contractors should not only consider the medical diagnoses and medical complications that might directly and significantly influence the amount of treatment required. Other variables (such as the availability of a caregiver at home) that affect appropriate treatment shall also be considered. Factors that influence the need for treatment should be supportable by published research, clinical guidelines from professional sources, and/or clinical or common sense. See Pub. 100-02, chapter 15, section 220.3 for information related to documentation of the evaluation, and section 220.2 on medical necessity for some factors that complicate treatment.

**NOTE:** The patient's lack of access to outpatient hospital therapy services alone, when outpatient hospital therapy services are excluded from the limitation, does not justify excepted services. Residents of skilled nursing facilities prevented by consolidated billing from accessing hospital services, debilitated patients for whom transportation to the hospital is a physical hardship, or lack of therapy services at hospitals in the beneficiary's county may or may not qualify as justification for continued services above the caps. The patient's condition and complexities might justify extended services, but their location does not. For dates of service on or after October 1, 2012, therapy services furnished in an outpatient hospital are not excluded from the limitation.

### **C. Appeals Related to Disapproval of Cap Exceptions**

**Disapproval of Exception from Caps.** When a service beyond the cap is determined to be medically necessary, it is covered and payable. But, when a service provided beyond the cap (outside the benefit) is determined to be NOT medically necessary, it is denied as a benefit category denial. Contractors may review claims with KX modifiers to determine whether the services are medically necessary, or for other reasons. Services that exceed

therapy caps but do not meet Medicare criteria for medically necessary services are not payable even when clinicians recommend and furnish these services.

Services without a Medicare benefit may be billed to Medicare with a GY modifier for the purpose of obtaining a denial that can be used with other insurers. See Pub. 100-04, chapter 1, section 60.4 for appropriate use of modifiers.

**APPEALS** –If a beneficiary whose excepted services do not meet the Medicare criteria for medical necessity elects to receive such services and a claim is submitted for such services, the resulting determination would be subject to the administrative appeals process. Further details concerning appeals are found in Pub. 100-04, chapter 29.

#### **D. Use of the KX Modifier for Therapy Cap Exceptions**

When exceptions are in effect and the beneficiary qualifies for a therapy cap exception, the provider shall add a KX modifier to the therapy HCPCS code subject to the cap limits. The KX modifier shall not be added to any line of service that is not a medically necessary service; this applies to services that, according to a local coverage determination by the contractor, are not medically necessary services.

The codes subject to the therapy cap tracking requirements for a given calendar year are listed at:

[http://www.cms.hhs.gov/TherapyServices/05\\_Annual\\_Therapy\\_Update.asp#TopOfPage](http://www.cms.hhs.gov/TherapyServices/05_Annual_Therapy_Update.asp#TopOfPage).

The GN, GO, or GP therapy modifiers are currently required to be appended to therapy services. In addition to the KX modifier, the GN, GP and GO modifiers shall continue to be used. Providers may report the modifiers on claims in any order. If there is insufficient room on a claim line for multiple modifiers, additional modifiers may be reported in the remarks field. Follow the routine procedure for placing HCPCS modifiers on a claim as described below.

- For professional claims, sent to the carrier or A/B MAC, refer to:
  - Pub.100-04, Medicare Claims Processing Manual, chapter 26, for more detail regarding completing the CMS-Form 1500 claim form, including the placement of HCPCS modifiers. **NOTE:** The CMS-Form 1500 currently has space for providing two modifiers in block 24D, but, if the provider has more than two to report, he/she can do so by placing the -99 modifier (which indicates multiple modifiers) in block 24D and placing the additional modifiers in block 19.
  - The ASC X12N 837 Health Care Claim: Professional Implementation Guide for more detail regarding how to electronically submit a health care claim transaction, including the placement of HCPCS modifiers. The ASC X12N 837 implementation guides are the standards adopted under the Health Insurance Portability and Accountability Act of 1996 (HIPAA)

for submitting health care claims electronically. The 837 professional transaction currently permits the placement of up to four modifiers, in the 2400 loop, SV1 segment, and data elements SV101-3, SV101-4, SV101-5, and SV101-6. Copies of the ASC X12N 837 implementation guides may be obtained from the Washington Publishing Company.

- For claims paid by a carrier or A/B MAC, it is only appropriate to append the KX modifier to a service that reasonably may exceed the cap. Use of the KX modifier when there is no indication that the cap is likely to be exceeded is abusive. For example, use of the KX modifier for low cost services early in an episode when there is no evidence of a previous episode that might have exceeded the cap is inappropriate.
- For institutional claims, sent to the FI or A/B MAC:
  - When the cap is exceeded by at least one line on the claim, use the KX modifier on all of the lines on that institutional claim that refer to the same therapy cap (PT/SLP or OT), regardless of whether the other services exceed the cap. For example, if one PT service line exceeds the cap, use the KX modifier on all the PT and SLP service lines (also identified with the GP or GN modifier) for that claim. When the PT/SLP cap is exceeded by PT services, the SLP lines on the claim may meet the requirements for an exception due to the complexity of two episodes of service.
  - Use the KX modifier on either all or none of the SLP lines on the claim, as appropriate. In contrast, if all the OT lines on the claim are below the cap, do not use the KX modifier on any of the OT lines, even when the KX modifier is appropriately used on all of the PT lines. Refer to Pub.100-04, Medicare Claims Processing Manual, chapter 25, for more detail.

By appending the KX modifier, the provider is attesting that the services billed:

- Are reasonable and necessary services that require the skills of a therapist; (See Pub. 100-02, chapter 15, section 220.2); and
- Are justified by appropriate documentation in the medical record, (See Pub. 100-02, chapter 15, section 220.3); and
- Qualify for an exception using the automatic process exception.

If this attestation is determined to be inaccurate, the provider/supplier is subject to sanctions resulting from providing inaccurate information on a claim.

When the KX modifier is appended to a therapy HCPCS code, the contractor will override the CWF system reject for services that exceed the caps and pay the claim if it is otherwise payable.

Providers and suppliers shall continue to append correct coding initiative (CCI) HCPCS modifiers under current instructions.

If a claim is submitted without KX modifiers and the cap is exceeded, those services will be denied. In cases where appending the KX modifier would have been appropriate, contractors may reopen and/or adjust the claim, if it is brought to their attention.

Services billed after the cap has been exceeded which are not eligible for exceptions may be billed for the purpose of obtaining a denial using condition code 21.

#### **E. Therapy Cap Manual Review Threshold**

For calendar year 2012, there shall be two total therapy service thresholds of \$3700 per year: one annual threshold each for

- (1) Occupational therapy services.
- (2) Physical therapy services and speech-language pathology services combined.

Services shall accrue toward the thresholds beginning with claims with dates of service on and after January 1, 2012. The thresholds shall apply to both services showing the KX modifier and those without the modifier. Beginning with claims with dates of service on and after October 1, 2012, contractors shall apply the thresholds to claims exceeding it by suspending the claim for manual review. Instructions regarding the manual review process may be found in the Program Integrity Manual.

#### **F. Identifying the Certifying Physician**

Therapy plans of care must be certified by a physician or non-physician practitioner (NPP), per the requirements in the Medicare Benefit Policy Manual, Pub.100-02, chapter 15, section 220.1.3. Further, the National Provider Identifier (NPI) of the certifying physician/NPP identified for a therapy plan of care must be included on the therapy claim.

For the purposes of processing professional claims, the certifying physician/NPP is considered a referring provider. At the time the certifying physician/NPP is identified for a therapy plan of care, private practice therapists (PPTs), physicians or NPPs, as appropriate, submitting therapy claims, are to treat it as if a referral has occurred for purposes of completing the claim and to follow the instructions in the appropriate ASC X12 837 Professional Health Care Claim Technical Report 3 (TR3) for reporting a referring provider (for paper claims, they are to follow the instructions for identifying referring providers per chapter 26 of this IOM). These instructions include requirements for reporting NPIs.



Currently, in the 5010 version of the ASC X12 837 Professional Health Care Claim TR3, referring providers are first reported at the claim level; additional referring providers are reported at the line level only when they are different from that identified at the claim level. Therefore, there will be at least one referring provider identified at the claim level on the ASC X12 837 Professional claim for therapy services. However, because of the hierarchical nature of the ASC X12 837 health care claim transaction, and the possibility of other types of referrals applying to the claim, the number of referring providers identified on a professional claim may vary. For example, on a claim where one physician/NPP has certified all the therapy plans of care, and there are no other referrals, there would be only one referring provider identified at the claim level and none at the line levels. Conversely, on a claim also containing a non-therapy referral made by a different physician/NPP than the one certifying the therapy plan of care, the billing provider may elect to identify either the nontherapy or the therapy referral at the claim level, with the other referral(s) at the line levels. Similarly, on a claim having different certifying physician/NPPs for different therapy plans of care, only one of these physician/NPPs will be identified at the claim level, with the remainder identified at the line levels. These scenarios are only examples: there may be other patterns of representing referring providers at the claim and line levels depending upon the circumstances of the care and the manner in which the provider applies the requirements of the ASC X12 837 Professional Health Care Claim TR3.

For situations where the physician/NPP is both the certifier of the plan of care and furnishes the therapy service, he/she supplies his/her own information, including the NPI, in the appropriate referring provider loop (or, appropriate block on the 1500 form). This is applicable to those therapy services that are personally furnished by the physician/NPP as well as to those services that are furnished incident to their own and delivered by “qualified personnel” (see section 230.5 of this manual for qualifications for incident to personnel).

Contractors shall edit to ensure that there is at least one claim-level referring provider identified on professional therapy claims, and shall use the presence of the therapy modifiers (GN, GP, GO) to identify those claims subject to this requirement.

For the purposes of processing institutional claims, the certifying physician/NPP and their NPI are reported in the Attending Provider fields on institutional claim formats. Since the physician/NPP is certifying the therapy plan of care for the services on the claim, this is consistent with the National Uniform Billing Committee definition of the Attending Provider as “the individual who has overall responsibility for the patient’s medical care and treatment” that is reported on the claim. In cases where a patient is receiving care under more than one therapy plan of care (OT, PT, or SLP) with different certifying physicians/NPPs, the second certifying physicians/NPP and their NPI are reported in the Referring Physician fields on institutional claim formats.

## **G. MSN Messages**

Existing MSN messages 38.18, 17.13, 17.18 and 17.19 shall be issued on all claims containing outpatient rehabilitation services as noted in this manual. Contractors add the applied amount for individual beneficiaries and the generic limit amount to all MSNs that require them. For details of these MSNs, see:

[http://www.cms.gov/MSN/02\\_MSN%20Messages.asp](http://www.cms.gov/MSN/02_MSN%20Messages.asp)

## **10.4 - Claims Processing Requirements for Financial Limitations (Rev. 2859, Issued: 01-17-14, Effective: 01-01-14, Implementation: 01-31-14)**

### **A. Requirements – Institutional Claims**

Regardless of financial limits on therapy services, CMS requires modifiers (See section 20.1 of this chapter) on specific codes for the purpose of data analysis. Beneficiaries may not be simultaneously covered by Medicare as an outpatient of a hospital and as a patient in another facility. When outpatient hospital therapy services are excluded from the limitation, the beneficiary must be discharged from the other setting and registered as a hospital outpatient in order to receive payment for outpatient rehabilitation services in a hospital outpatient setting after the limitation has been reached.

A hospital may bill for services of a facility as hospital outpatient services if that facility meets the requirements of a department of the provider (hospital) under 42 CFR 413.65. Facilities that do not meet those requirements are not considered to be part of the hospital and may not bill under the hospital's provider number, even if they are owned by the hospital. For example, services of a Comprehensive Outpatient Rehabilitation Facility (CORF) must be billed as CORF services and not as hospital outpatient services, even if the CORF is owned by the hospital.

The CWF applies the financial limitation to the following bill types 22X, 23X, 34X, 74X and 75X using the MPFS allowed amount (before adjustment for beneficiary liability).

For SNFs, the financial limitation does apply to rehabilitation services furnished to those SNF residents in noncovered stays (bill type 22X) who are in a Medicare-certified section of the facility—i.e., one that is either certified by Medicare alone, or is dually certified by Medicare as a SNF and by Medicaid as a nursing facility (NF). For SNF residents, consolidated billing requires all outpatient rehabilitation services be billed to Part B by the SNF. If a resident has reached the financial limitation, and remains in the Medicare-certified section of the SNF, no further payment will be made to the SNF or any other entity. Therefore, SNF residents who are subject to consolidated billing may not obtain services from an outpatient hospital after the cap has been exceeded.

Once the financial limitation has been reached, services furnished to SNF residents who are in a non-Medicare certified section of the facility—i.e., one that is certified only by Medicaid as a NF or that is not certified at all by either program—use bill type 23X. For SNF residents in non-Medicare certified portions of the facility and SNF nonresidents who go to the SNF for outpatient treatment (bill type 23X), medically necessary outpatient therapy may be covered at an outpatient hospital facility after the financial

limitation has been exceeded when outpatient hospital therapy services are excluded from the limitation.

## **B. Requirements - Professional Claims**

Claims containing any of the “always therapy” codes should have one of the therapy modifiers appended (GN, GO, GP). When any code on the list of therapy codes is submitted with specialty codes “65” (physical therapist in private practice), “67” (occupational therapist in private practice), or “15” (speech-language pathologist in private practice) they always represent therapy services, because they are provided by therapists. Contractors shall return claims for these services when they do not contain therapy modifiers for the applicable HCPCS codes.

The CMS identifies certain codes listed at:

[http://www.cms.hhs.gov/TherapyServices/05\\_Annual\\_Therapy\\_Update.asp#TopOfPage](http://www.cms.hhs.gov/TherapyServices/05_Annual_Therapy_Update.asp#TopOfPage) as “sometimes therapy” services, regardless of the presence of a financial limitation. Claims from physicians (all specialty codes) and nonphysician practitioners, including specialty codes “50” (Nurse Practitioner), “89,” (Clinical Nurse Specialist), and “97,” (Physician Assistant) may be processed without therapy modifiers when they are not therapy services. On review of these claims, “sometimes therapy” services that are not accompanied by a therapy modifier must be documented, reasonable and necessary, and payable as physician or nonphysician practitioner services, and not services that the contractor interprets as therapy services.

The CWF will capture the amount and apply it to the limitation whenever a service is billed using the GN, GO, or GP modifier.

## **C. Contractor Action Based on CWF Trailer**

Upon receipt of the CWF error code/trailer, contractors are responsible for assuring that payment does not exceed the financial limitations, when the limits are in effect, except as noted below.

In cases where a claim line partially exceeds the limit, the contractor must adjust the line based on information contained in the CWF trailer. For example, where the MPFS allowed amount is greater than the financial limitation available, always report the MPFS allowed amount in the “Financial Limitation” field of the CWF record and include the CWF override code. See example below for situations where the claim contains multiple lines that exceed the limit.

### **EXAMPLE:**

Services received to date are \$15 under the limit. There is a \$15 allowed amount remaining that Medicare will cover before the cap is reached.

Incoming claim: Line 1 MPFS allowed amount is \$50.

Line 2 MPFS allowed amount is \$25.  
Line 3, MPFS allowed amount is \$30.

Based on this example, lines 1 and 3 are denied and line 2 is paid. The contractor reports in the "Financial Limitation" field of the CWF record "\$25.00 along with the CWF override code. The contractor always applies the amount that would least exceed the limit. Since institutional claims systems cannot split the payment on a line, CWF will allow payment on the line that least exceeds the limit and deny other lines.

#### **D. Additional Information for Contractors During the Time Financial Limits Are in Effect With or Without Exceptions**

Once the limit is reached, if a claim is submitted, CWF returns an error code stating the financial limitation has been met. Over applied lines will be identified at the line level. The outpatient rehabilitation therapy services that exceed the limit should be denied. The contractors use claim adjustment reason code 119 - Benefit maximum for this time period or occurrence has been reached- in the provider remittance advice to establish the reason for denial. Provider liability (group code CO) or beneficiary liability (group code PR) are reported on the remittance advice as defined by section 10.5.

In situations where a beneficiary is close to reaching the financial limitation and a particular claim might exceed the limitation, the provider/supplier should bill the usual and customary charges for the services furnished even though such charges might exceed the limit. The CWF will return an error code/trailer that will identify the line that exceeds the limitation.

Because CWF applies the financial limitation according to the date when the claim was received (when the date of service is within the effective date range for the limitation), it is possible that the financial limitation will have been met before the date of service of a given claim. Such claims will prompt the CWF error code and subsequent contractor denial.

When the provider/supplier knows that the limit has been reached, and exceptions are either not appropriate or not available, further billing should not occur. The provider/supplier should inform the beneficiary of the limit and their option of receiving further covered services from an outpatient hospital when outpatient hospital therapy services are excluded from the limitation (unless consolidated billing rules prevent the use of the outpatient hospital setting). If the beneficiary chooses to continue treatment at a setting other than the outpatient hospital where medically necessary services may be covered, the services may be billed at the rate the provider/supplier determines. Services provided in a capped setting after the limitation has been reached are not Medicare benefits and are not governed by Medicare policies.

If a beneficiary elects to receive services that exceed the cap limitation and a claim is submitted for such services, the resulting determination is subject to the administrative

appeals process as described in subsection C. of section 10.3 and Pub. 100-04, Chapter 29.

## **10.5 - Notification for Beneficiaries Exceeding Financial Limitations (Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)**

### **A. Notice to Beneficiaries**

Contractors will advise providers/suppliers to notify beneficiaries of the therapy financial limitations at their first therapy encounter with the beneficiary. Prior to 2013, Medicare instructed providers/suppliers to inform beneficiaries that beneficiaries were responsible for 100 percent of the costs of therapy services above each respective therapy limit (cap), unless this outpatient care was furnished directly or under arrangements by a hospital when outpatient hospital therapy services were excluded from the limitation. The American Taxpayer Relief Act (ATRA) of 2012 amended §1833(g)(5) of the Social Security Act (the Act) providing limitation of liability protections (under §1879 of the Act) to beneficiaries with respect to outpatient therapy services that exceed therapy cap amounts, furnished on or after January 1, 2013. Thus, effective January 1, 2013, assignment of liability has changed for therapy services exceeding the cap that don't qualify for a coverage exception. The provider/supplier is financially responsible when Medicare denies payment for therapy services above the cap that don't qualify for a coverage exception unless a valid Advance Beneficiary Notice of Noncoverage (ABN), Form CMS-R-131, was issued per CMS guidelines.

Providers were previously encouraged to use either a form of their own design or a voluntary ABN when providing therapy above the cap where no exception was applied; however, this instruction is no longer valid. When providing therapy services above the cap that don't qualify for the exceptions process, the provider/supplier must now issue a mandatory ABN in order to transfer financial responsibility to the beneficiary. When the ABN is used as a mandatory notice, providers must adhere to the ABN form instructions and guidance published in Chapter 30, Section 50 of this manual. The ABN and instructions can be found at: <http://www.cms.gov/Medicare/Medicare-General-Information/BNI/ABN.html>.

When issuing the ABN for therapy in excess of therapy caps, the following language is suggested for the "Reason Medicare May Not Pay" section: "Medicare won't pay for physical therapy and speech-language pathology services over (add the dollar amount of the cap) in (add the year or the dates of service to which it applies) unless you qualify for an exception to this cap amount. Your services don't qualify for an exception." Providers should use similar language for occupational therapy services when appropriate. A cost estimate for the services should be included per the ABN form instructions. Therapy cost estimates can be listed as a cost per service or as a projected total cost for a certain amount of therapy provided over a specified time period.

ABN issuance remains mandatory before the cap is exceeded when services aren't expected to be covered by Medicare because they are not medically reasonable and

necessary. When the clinician determines that skilled services are not medically necessary, the clinical goals have been met, or there is no longer potential for the rehabilitation of health and/or function in a reasonable time, the beneficiary should be informed. If the beneficiary will be getting services that don't meet the medical necessity requirements for Medicare payment, the ABN must be issued prior to delivering these services. The ABN informs the beneficiary of his/her potential financial obligation to the provider, allows him/her to choose whether or not to get the services, and provides information regarding appeal rights.

When a provider/supplier expects that Medicare will deny payment on a claim for therapy services because they are not medically reasonable and necessary, regardless of whether or not therapy limits are met, the ABN must be issued before providing the services in order to transfer financial responsibility to the beneficiary.

## **10.6 - Functional Reporting**

**(Rev. 2859, Issued: 01-17-14, Effective: 01-01-14, Implementation: 01-31-14)**

### **A. General**

Section 3005(g) of the Middle Class Tax Relief and Jobs Creation Act (MCTRJCA) amended Section 1833(g) of the Act to require a claims-based data collection system for outpatient therapy services, including physical therapy (PT), occupational therapy (OT) and speech-language pathology (SLP) services. 42 CFR 410.59, 410.60, 410.61, 410.62 and 410.105 implement this requirement. The system will collect data on beneficiary function during the course of therapy services in order to better understand beneficiary conditions, outcomes, and expenditures.

Beneficiary function information is reported using 42 nonpayable functional G-codes and seven severity/complexity modifiers on claims for PT, OT, and SLP services. Functional reporting on one functional limitation at a time is required periodically throughout an entire PT, OT, or SLP therapy episode of care.

The nonpayable G-codes and severity modifiers provide information about the beneficiary's functional status at the outset of the therapy episode of care, including projected goal status, at specified points during treatment, and at the time of discharge. These G-codes, along with the associated modifiers, are required at specified intervals on all claims for outpatient therapy services – not just those over the cap.

### **B. Application of New Coding Requirements**

This functional data reporting and collection system is effective for therapy services with dates of service on and after January 1, 2013. A testing period will be in effect from January 1, 2013, until July 1, 2013, to allow providers and practitioners to use the new coding requirements to assure that systems work. Claims for therapy services furnished on and after July 1, 2013, that do not contain the required functional G-code/modifier information will be returned or rejected, as applicable.

### C. Services Affected

These requirements apply to all claims for services furnished under the Medicare Part B outpatient therapy benefit and the PT, OT, and SLP services furnished under the CORF benefit. They also apply to the therapy services furnished personally by and incident to the service of a physician or a nonphysician practitioner (NPP), including a nurse practitioner (NP), a certified nurse specialist (CNS), or a physician assistant (PA), as applicable.

### D. Providers and Practitioners Affected.

The functional reporting requirements apply to the therapy services furnished by the following providers: hospitals, CAHs, SNFs, CORFs, rehabilitation agencies, and HHAs (when the beneficiary is not under a home health plan of care). It applies to the following practitioners: physical therapists, occupational therapists, and speech-language pathologists in private practice (TPPs), physicians, and NPPs as noted above. The term “clinician” is applied to these practitioners throughout this manual section. (See definition section of Pub. 100-02, Chapter 15, section 220.)

### E. Function-related G-codes

There are 42 functional G-codes, 14 sets of three codes each. Six of the G-code sets are generally for PT and OT functional limitations and eight sets of G-codes are for SLP functional limitations.

The following G-codes are for functional limitations typically seen in beneficiaries receiving PT or OT services. The first four of these sets describe categories of functional limitations and the final two sets describe “other” functional limitations, which are to be used for functional limitations not described by one of the four categories.

#### NONPAYABLE G-CODES FOR FUNCTIONAL LIMITATIONS

	<b>Long Descriptor</b>	<b>Short Descriptor</b>
<b>Mobility G-code Set</b>		
G8978	Mobility: walking & moving around functional limitation, current status, at therapy episode outset and at reporting intervals	Mobility current status
G8979	Mobility: walking & moving around functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Mobility goal status
G8980	Mobility: walking & moving around functional limitation, discharge status, at discharge from therapy or to end reporting	Mobility D/C status
<b>Changing &amp; Maintaining Body Position G-code Set</b>		

G8981	Changing & maintaining body position functional limitation, current status, at therapy episode outset and at reporting intervals	Body pos current status
G8982	Changing & maintaining body position functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Body pos goal status
G8983	Changing & maintaining body position functional limitation, discharge status, at discharge from therapy or to end reporting	Body pos D/C status
<b>Carrying, Moving &amp; Handling Objects G-code Set</b>		
G8984	Carrying, moving & handling objects functional limitation, current status, at therapy episode outset and at reporting intervals	Carry current status
G8985	Carrying, moving & handling objects functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Carry goal status
G8986	Carrying, moving & handling objects functional limitation, discharge status, at discharge from therapy or to end reporting	Carry D/C status
<b>Self Care G-code Set</b>		
G8987	Self care functional limitation, current status, at therapy episode outset and at reporting intervals	Self care current status
G8988	Self care functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Self care goal status
G8989	Self care functional limitation, discharge status, at discharge from therapy or to end reporting	Self care D/C status

The following “other PT/OT” functional G-codes are used to report:

- a beneficiary’s functional limitation that is not defined by one of the above four categories;
- a beneficiary whose therapy services are not intended to treat a functional limitation;
- or a beneficiary’s functional limitation when an overall, composite or other score from a functional assessment too is used and it does not clearly represent a functional limitation defined by one of the above four code sets.

	<b>Long Descriptor</b>	<b>Short Descriptor</b>
<b>Other PT/OT Primary G-code Set</b>		
G8990	Other physical or occupational therapy primary	Other PT/OT current



	functional limitation, current status, at therapy episode outset and at reporting intervals	status
G8991	Other physical or occupational therapy primary functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Other PT/OT goal status
G8992	Other physical or occupational therapy primary functional limitation, discharge status, at discharge from therapy or to end reporting	Other PT/OT D/C status
<b>Other PT/OT Subsequent G-code Set</b>		
G8993	Other physical or occupational therapy subsequent functional limitation, current status, at therapy episode outset and at reporting intervals	Sub PT/OT current status
G8994	Other physical or occupational therapy subsequent functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Sub PT/OT goal status

The following G-codes are for functional limitations typically seen in beneficiaries receiving SLP services. Seven are for specific functional communication measures, which are modeled after the National Outcomes Measurement System (NOMS), and one is for any “other” measure not described by one of the other seven.

	<b>Long Descriptor</b>	<b>Short Descriptor</b>
<b>Swallowing G-code Set</b>		
G8996	Swallowing functional limitation, current status, at therapy episode outset and at reporting intervals	Swallow current status
G8997	Swallowing functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Swallow goal status
G8998	Swallowing functional limitation, discharge status, at discharge from therapy or to end reporting	Swallow D/C status
<b>Motor Speech G-code Set</b> (Note: These codes are not sequentially numbered)		
G8999	Motor speech functional limitation, current status, at therapy episode outset and at reporting intervals	Motor speech current status
G9186	Motor speech functional limitation, projected goal status at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Motor speech goal status
G9158	Motor speech functional limitation, discharge status, at discharge from therapy or to end reporting	Motor speech D/C status
<b>Spoken Language Comprehension G-code Set</b>		
G9159	Spoken language comprehension functional limitation, current status, at therapy episode outset and at reporting intervals	Lang comp current status
G9160	Spoken language comprehension functional	Lang comp goal status

	limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	
G9161	Spoken language comprehension functional limitation, discharge status, at discharge from therapy or to end reporting	Lang comp D/C status
<b>Spoken Language Expressive G-code Set</b>		
G9162	Spoken language expression functional limitation, current status, at therapy episode outset and at reporting intervals	Lang express current status
G9163	Spoken language expression functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Lang press goal status
G9164	Spoken language expression functional limitation, discharge status, at discharge from therapy or to end reporting	Lang express D/C status
<b>Attention G-code Set</b>		
G9165	Attention functional limitation, current status, at therapy episode outset and at reporting intervals	Atten current status
G9166	Attention functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Atten goal status
G9167	Attention functional limitation, discharge status, at discharge from therapy or to end reporting	Atten D/C status
<b>Memory G-code Set</b>		
G9168	Memory functional limitation, current status, at therapy episode outset and at reporting intervals	Memory current status
G9169	Memory functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Memory goal status
G9170	Memory functional limitation, discharge status, at discharge from therapy or to end reporting	Memory D/C status
<b>Voice G-code Set</b>		
G9171	Voice functional limitation, current status, at therapy episode outset and at reporting intervals	Voice current status
G9172	Voice functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Voice goal status
G9173	Voice functional limitation, discharge status, at discharge from therapy or to end reporting	Voice D/C status

The following “other SLP” G-code set is used to report:

- on one of the other eight NOMS-defined functional measures not described by the above code sets; or

- to report an overall, composite or other score from assessment tool that does not clearly represent one of the above seven categorical SLP functional measures.

	<b>Long Descriptor</b>	<b>Short Descriptor</b>
<b>Other Speech Language Pathology G-code Set</b>		
G9174	Other speech language pathology functional limitation, current status, at therapy episode outset and at reporting intervals	Speech lang current status
G9175	Other speech language pathology functional limitation, projected goal status, at therapy episode outset, at reporting intervals, and at discharge or to end reporting	Speech lang goal status
G9176	Other speech language pathology functional limitation, discharge status, at discharge from therapy or to end reporting	Speech lang D/C status

#### **F. Severity/Complexity Modifiers**

For each nonpayable functional G-code, one of the modifiers listed below must be used to report the severity/complexity for that functional limitation.

<b>Modifier</b>	<b>Impairment Limitation Restriction</b>
CH	0 percent impaired, limited or restricted
CI	At least 1 percent but less than 20 percent impaired, limited or restricted
CJ	At least 20 percent but less than 40 percent impaired, limited or restricted
CK	At least 40 percent but less than 60 percent impaired, limited or restricted
CL	At least 60 percent but less than 80 percent impaired, limited or restricted
CM	At least 80 percent but less than 100 percent impaired, limited or restricted
CN	100 percent impaired, limited or restricted

The severity modifiers reflect the beneficiary's percentage of functional impairment as determined by the clinician furnishing the therapy services.

#### **G. Required Reporting of Functional G-codes and Severity Modifiers**

The functional G-codes and severity modifiers listed above are used in the required reporting on therapy claims at certain specified points during therapy episodes of care. Claims containing these functional G-codes must also contain another billable and separately payable (non-bundled) service. Only one functional limitation shall be reported at a given time for each related therapy plan of care (POC).

Functional reporting using the G-codes and corresponding severity modifiers is required reporting on specified therapy claims. Specifically, they are required on claims:

- At the outset of a therapy episode of care (i.e., on the claim for the date of service (DOS) of the initial therapy service);
- At least once every 10 treatment days, which corresponds with the progress reporting period;
- When an evaluative procedure, including a re-evaluative one, ( HCPCS/CPT codes 92521, 92522, 92523, 92524, 92597, 92607, 92608, 92610, 92611, 92612, 92614, 92616, 96105, 96125, 97001, 97002, 97003, 97004) is furnished and billed;
- At the time of discharge from the therapy episode of care–(i.e., on the date services related to the discharge [progress] report are furnished); and
- At the time reporting of a particular functional limitation is ended in cases where the need for further therapy is necessary.
- At the time reporting is begun for a new or different functional limitation within the same episode of care (i.e., after the reporting of the prior functional limitation is ended)

Functional reporting is required on claims throughout the entire episode of care. When the beneficiary has reached his or her goal or progress has been maximized on the initially selected functional limitation, but the need for treatment continues, reporting is required for a second functional limitation using another set of G-codes. In these situations two or more functional limitations will be reported for a beneficiary during the therapy episode of care. Thus, reporting on more than one functional limitation may be required for some beneficiaries but not simultaneously.

When the beneficiary stops coming to therapy prior to discharge, the clinician should report the functional information on the last claim. If the clinician is unaware that the beneficiary is not returning for therapy until after the last claim is submitted, the clinician cannot report the discharge status.

When functional reporting is required on a claim for therapy services, two G-codes will generally be required.

Two exceptions exist:

1. Therapy services under more than one therapy POC-- Claims may contain more than two nonpayable functional G-codes when in cases where a beneficiary receives therapy services under multiple POCs (PT, OT, and/or SLP) from the same therapy provider.
2. One-Time Therapy Visit-- When a beneficiary is seen and future therapy services are either not medically indicated or are going to be furnished by another

provider, the clinician reports on the claim for the DOS of the visit, all three G-codes in the appropriate code set (current status, goal status and discharge status), along with corresponding severity modifiers.

Each reported functional G-code must also contain the following line of service information:

- Functional severity modifier
- Therapy modifier indicating the related discipline/POC -- GP, GO or GN -- for PT, OT, and SLP services, respectively
- Date of the related therapy service
- Nominal charge, e.g., a penny, for institutional claims submitted to the FIs and A/MACs. For professional claims, a zero charge is acceptable for the service line. If provider billing software requires an amount for professional claims, a nominal charge, e.g., a penny, may be included.

**NOTE:** The KX modifier is not required on the claim line for nonpayable G-codes, but would be required with the procedure code for medically necessary therapy services furnished once the beneficiary's annual cap has been reached.

The following example demonstrates how the G-codes and modifiers are used. In this example, the clinician determines that the beneficiary's mobility restriction is the most clinically relevant functional limitation and selects the Mobility G-code set (G8978 – G8980) to represent the beneficiary's functional limitation. The clinician also determines the severity/complexity of the beneficiary's functional limitation and selects the appropriate modifier. In this example, the clinician determines that the beneficiary has a 75 percent mobility restriction for which the CL modifier is applicable. The clinician expects that at the end of therapy the beneficiaries will have only a 15 percent mobility restriction for which the CI modifier is applicable. When the beneficiary attains the mobility goal, therapy continues to be medically necessary to address a functional limitation for which there is no categorical G-code. The clinician reports this using (G8990 – G8992).

At the outset of therapy-- On the DOS for which the initial evaluative procedure is furnished or the initial treatment day of a therapy POC, the claim for the service will also include two G-codes as shown below.

- G8978-CL to report the functional limitation (Mobility with current mobility limitation of “at least 60 percent but less than 80 percent impaired, limited or restricted”)
- G8979-CI to report the projected goal for a mobility restriction of “at least 1 percent but less than 20 percent impaired, limited or restricted.”

At the end of each progress reporting period-- On the claim for the DOS when the services related to the progress report (which must be done at least once each 10 treatment days) are furnished, the clinician will report the same two G-codes but the modifier for the current status may be different.

- G8978 with the appropriate modifier are reported to show the beneficiary's current status as of this DOS. So if the beneficiary has made no progress, this claim will include G8978-CL. If the beneficiary made progress and now has a mobility restriction of 65 percent CL would still be the appropriate modifier for 65 percent, and G8978-CL would be reported in this case. If the beneficiary now has a mobility restriction of 45 percent, G8978-CK would be reported.
- G8979-CI would be reported to show the projected goal. This severity modifier would not change unless the clinician adjusts the beneficiary's goal.

This step is repeated as necessary and clinically appropriate, adjusting the current status modifier used as the beneficiary progresses through therapy.

At the time the beneficiary is discharged from the therapy episode. The final claim for therapy episode will include two G-codes.

- G8979-CI would be reported to show the projected goal. G8980-CI would be reported if the beneficiary attained the 15 percent mobility goal. Alternatively, if the beneficiary's mobility restriction only reached 25 percent; G8980-CJ would be reported.

To end reporting of one functional limitation-- As noted above, functional reporting is required to continue throughout the entire episode of care. Accordingly, when further therapy is medically necessary after the beneficiary attains the goal for the first reported functional limitation, the clinician would end reporting of the first functional limitation by using the same G-codes and modifiers that would be used at the time of discharge. Using the mobility example, to end reporting of the mobility functional limitation, G8979-CI and G8980-CI would be reported on the same DOS that coincides with end of that progress reporting period.

To begin reporting of a second functional limitation. At the time reporting is begun for a new and different functional limitation, within the same episode of care (i.e., after the reporting of the prior functional limitation is ended). Reporting on the second functional limitation, however, is not begun until the DOS of the next treatment day -- which is day one of the new progress reporting period. When the next functional limitation to be reported is NOT defined by one of the other three PT/OT categorical codes, the G-code set (G8990 - G8992) for the "other PT/OT primary" functional limitation is used, rather than the G-code set for the "other PT/OT subsequent" because it is the first reported "other PT/OT" functional limitation. This reporting begins on the DOS of the first treatment day following the mobility "discharge" reporting, which is counted as the

initial service for the “other PT/OT primary” functional limitation and the first treatment day of the new progress reporting period. In this case, G8990 and G8991, along with the corresponding modifiers, are reported on the claim for therapy services.

The table below illustrates when reporting is required using this example and what G-codes would be used.

### Example of Required Reporting

Key: Reporting Period (RP)	Begin RP #1 for Mobility at Episode Outset	End RP#1 for Mobility at Progress Report	Mobility RP #2 Begins Next Treatment Day	End RP #2 for Mobility at Progress Report	Mobility RP #3 Begins Next Treatment Day	D/C or End Reporting for Mobility	Begin RP #1 for Other PT/OT Primary
Mobility: Walking & Moving Around							
G8978 – Current Status	X	X		X			
G 8979– Goal Status	X	X		X		X	
G8980 – Discharge Status						X	
Other PT/OT Primary							
G8990 – Current Status							X
G8991 – Goal Status							X
G8992 – Discharge Status							
No Functional Reporting Required			X		X		

### H. Required Tracking and Documentation of Functional G-codes and Severity Modifiers

The clinician who furnishes the services must not only report the functional information on the therapy claim, but, he/she must track and document the G-codes and severity modifiers used for this reporting in the beneficiary’s medical record of therapy services.

For details related to the documentation requirements, refer to, Medicare Benefit Policy Manual, Pub. 100-02, Chapter 15, section 220.4 - Functional Reporting. For coverage rules related to MCTRJCA and therapy goals, refer to Pub. 100-02: a) for outpatient therapy services, see Chapter 15, section 220.1.2 B and b) for instructions specific to PT, OT, and SLP services in the CORF, see Chapter 12, section 10.

### 10.7 - Multiple Procedure Payment Reductions for Outpatient Rehabilitation Services

(Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)

Medicare applies a multiple procedure payment reduction (MPPR) to the practice expense (PE) payment of select therapy services. The reduction applies to the HCPCS codes contained on the list of “always therapy” services (see section 20), excluding carrier-priced, bundled and add-on codes, regardless of the type of provider or supplier that furnishes the services.

Medicare applies an MPPR to the PE payment when more than one unit or procedure is provided to the same patient on the same day, i.e., the MPPR applies to multiple units as well as multiple procedures. Many therapy services are time-based codes, i.e., multiple units may be billed for a single procedure. The MPPR applies to all therapy services furnished to a patient on the same day, regardless of whether the services are provided in one therapy discipline or multiple disciplines, for example, physical therapy, occupational therapy, or speech-language pathology.

Full payment is made for the unit or procedure with the highest PE payment.

For subsequent units and procedures with dates of service prior to April 1, 2013, furnished to the same patient on the same day, full payment is made for work and malpractice and 80 percent payment is made for the PE for services submitted on professional claims (any claim submitted using the 837 Professional electronic format or the CMS-1500 paper claim form) and 75 percent payment is made for the PE for services submitted on institutional claims (any claim submitted using the 837 Institutional electronic format or the UB-04 paper claim form).

For subsequent units and procedures with dates of service on or after April 1, 2013, furnished to the same patient on the same day, full payment is made for work and malpractice and 50 percent payment is made for the PE for services submitted on either professional or institutional claims.

To determine which services will receive the MPPR, contractors shall rank services according to the applicable PE relative value units (RVU) and price the service with the highest PE RVU at 100% and apply the appropriate MPPR to the remaining services. When the highest PE RVU applies to more than one of the identified services, contractors shall additionally sort and rank these services according to highest total fee schedule amount, and price the service with the highest total fee schedule amount at 100% and apply the appropriate MPPR to the remaining services.

The therapy payment amount that has been reduced by the MPPR is applied toward the therapy caps described in section 10.2. As a result, the MPPR may increase the amount of medically necessary therapy services a beneficiary may receive before exceeding the caps. The reduced amount is also used to calculate the beneficiary’s coinsurance and deductible amounts.

Contractors indicate services have been subject to the MPPR using the following coding on the provider’s remittance advice:



- Group code CO and
- Claim adjustment reason code 59 - Processed based on multiple or concurrent procedure rules. (For example multiple surgery or diagnostic imaging, concurrent anesthesia.)

Contractors shall use the following message on Medicare Summary Notices for claims subject to the MPPR:

- 30.1 The approved amount is based on a special payment method, or
- 30.1 La cantidad aprobada está basada en un método especial de pago.

## **20 - HCPCS Coding Requirement**

**(Rev. 1850, Issued: 11-13-09, Effective: 01-01-10, Implementation: 01-04-10)**

### **A. Uniform Coding**

Section 1834(k)(5) of the Act requires that all claims for outpatient rehabilitation therapy services and all comprehensive outpatient rehabilitation facility (CORF) services be reported using a uniform coding system. The current Healthcare Common Procedure Coding System/Current Procedural Terminology is used for the reporting of these services. The uniform coding requirement in the Act is specific to payment for all CORF services and outpatient rehabilitation therapy services - including physical therapy, occupational therapy, and speech-language pathology - that is provided and billed to Medicare contractors. The Medicare physician fee schedule (MPFS) is used to make payment for these therapy services at the non facility rate.

Effective for claims submitted on or after April 1, 1998, providers that had not previously reported HCPCS/CPT for outpatient rehabilitation and CORF services began using HCPCS to report these services. This requirement does not apply to outpatient rehabilitation services provided by:

- Critical access hospitals, which are paid on a cost basis, not MPFS;
- RHCs, and FQHCs for which therapy is included in the all-inclusive rate; or
- Providers that do not furnish therapy services.

The following “providers of services” must bill the FI for outpatient rehabilitation services using HCPCS codes:

- Hospitals (to outpatients and inpatients who are not in a covered Part A<sup>1</sup> stay);
  - Skilled nursing facilities (SNFs) (to residents not in a covered Part A<sup>1</sup> stay and to nonresidents who receive outpatient rehabilitation services from the SNF);

- Home health agencies (HHAs) (to individuals who are not homebound or otherwise are not receiving services under a home health plan of care<sup>2</sup> (POC). (See 60.4.1, Definition of Homebound Patient Under the Medicare Home Health (HH) Benefit.)
- Comprehensive outpatient rehabilitation facilities (CORFs); and
  - Providers of outpatient physical therapy and speech-language pathology services (OPTs), also known as rehabilitation agencies (previously termed outpatient physical therapy facilities in this instruction).

Note 1. The requirements for hospitals and SNFs apply to inpatient Part B and outpatient services only. Inpatient Part A services are bundled into the respective prospective payment system payment; no separate payment is made.

Note 2. For HHAs, HCPCS/CPT coding for outpatient rehabilitation services is required only when the HHA provides such service to individuals that are not homebound and, therefore, not under a home health plan of care.

The following practitioners must bill the carrier for outpatient rehabilitation therapy services using HCPCS/CPT codes:

- Physical therapists in private practice (PTPPs),
- Occupational therapists in private practice (OTPPs),
- Speech-language pathologists in private practice (SLPPs),
- Physicians, including MDs, DOs, podiatrists and optometrists, and
  - Certain nonphysician practitioners (NPPs), acting within their State scope of practice, e.g., nurse practitioners and clinical nurse specialists.

Providers billing to intermediaries shall report:

- The date the therapy plan of care was either established or last reviewed (see §220.1.3B) in Occurrence Code 17, 29, or 30.
- The first day of treatment in Occurrence Code 35, 44, or 45.

## **B. Applicable Outpatient Rehabilitation HCPCS Codes**

The CMS identifies the codes listed at:

[http://www.cms.hhs.gov/TherapyServices/05\\_Annual\\_Therapy\\_Update.asp#TopOfPage](http://www.cms.hhs.gov/TherapyServices/05_Annual_Therapy_Update.asp#TopOfPage) as therapy services, regardless of the presence of a financial limitation. Therapy services include only physical therapy, occupational therapy and speech-language pathology

services. Therapist means only a physical therapist, occupational therapist or speech-language pathologist. Therapy modifiers are GP for physical therapy, GO for occupational therapy, and GN for speech-language pathology.

When in effect, any financial limitation will also apply to services represented unless otherwise noted on the therapy page on the CMS Web site.

### **C. Additional HCPCS Codes**

Some HCPCS/CPT codes that are not on the list of therapy services should not be billed with a modifier. For example, outpatient non-rehabilitation HCPCS codes G0237, G0238, and G0239 should be billed without therapy modifiers. These HCPCS codes describe services for the improvement of respiratory function and may represent either “incident to” services or respiratory therapy services that may be appropriately billed in the CORF setting. When the services described by these G-codes are provided by physical therapists (PTs) or occupational therapists (OTs) treating respiratory conditions, they are considered therapy services and must meet the other conditions for physical and occupational therapy. The PT or OT would use the appropriate HCPCS/CPT code(s) in the 97000 – 97799 series and the corresponding therapy modifier, GP or GO, must be used.

Another example of codes that are not on the list of therapy services and should not be billed with a therapy modifier includes the following HCPCS codes: 95860, 95861, 95863, 95864, 95867, 95869, 95870, 95900, 95903, 95904, and 95934. These services represent diagnostic services - not therapy services; they must be appropriately billed and shall not include therapy modifiers.

Other codes not on the therapy code list, and not paid under another fee schedule, are appropriately billed with therapy modifiers when the services are furnished by therapists or provided under a therapy plan of care and where the services are covered and appropriately delivered (e.g., the therapist is qualified to provide the service). One example of non-listed codes where a therapy modifier is indicated regards the provision of services described in the CPT code series, 29000 through 29590, for the application of casts and strapping. Some of these codes previously appeared on the therapy code list, but were deleted because we determined that they represented services that are most often performed outside a therapy plan of care. However, when these services are provided by therapists or as an integral part of a therapy plan of care, the CPT code must be accompanied with the appropriate therapy modifier.

**NOTE:** The above lists of HCPCS/CPT codes are intended to facilitate the contractor’s ability to pay claims under the MPFS. It is not intended to be an exhaustive list of covered services, imply applicability to provider settings, and does not assure coverage of these services.

## **20.1 - Discipline Specific Outpatient Rehabilitation Modifiers - All Claims**

*(Rev. 2868, Issued: 02-06-14, Effective: 07-01-14, Implementation: 07-07-14)*

Modifiers are used to identify therapy services whether or not financial limitations are in effect. When limitations are in effect, the CWF tracks the financial limitation based on the presence of therapy modifiers. Providers/suppliers must continue to report one of these modifiers for any therapy code on the list of applicable therapy codes except as noted in §20 of this chapter. Consult §20 for the list of codes to which modifiers must be applied. These modifiers do not allow a provider to deliver services that they are not qualified and recognized by Medicare to perform.

The claim must include one of the following modifiers to distinguish the discipline of the plan of care under which the service is delivered:

- GN Services delivered under an outpatient speech-language pathology plan of care;
- GO Services delivered under an outpatient occupational therapy plan of care; or,
- GP Services delivered under an outpatient physical therapy plan of care.

This is applicable to all claims from physicians, nonphysician practitioners (NPPs), PTPPs, OTPPs, SLPPs, CORFs, OPTs, hospitals, SNFs, and any others billing for physical therapy, speech-language pathology or occupational therapy services as noted on the applicable code list in §20 of this chapter.

Modifiers GN, GO, and GP refer only to services provided under plans of care for physical therapy, occupational therapy and speech-language pathology services. They should never be used with codes that are not on the list of applicable therapy services. For example, respiratory therapy services, or nutrition therapy services shall not be represented by therapy codes which require GN, GO, and GP modifiers.

Contractors edit *institutional claims to ensure the following:*

- that *a GN, GO or GP modifier is* present *for all lines reporting* revenue codes 042X, 043X, or 044X.
- that *no* more than one GN, GO or GP modifier *is* reported on the same service line.
- that revenue codes and modifiers are reported only in the following combinations:
  - Revenue code 42x (physical therapy) lines may only contain modifier GP
  - Revenue code 43x (occupational therapy) lines may only contain modifier GO
  - Revenue code 44x (speech-language pathology) lines may only contain modifier GN.

- *that discipline-specific evaluation and re-evaluation HCPCS codes are always reported with the modifier for the associated discipline (e.g. modifier GP with a HCPCS code for a physical therapy evaluation).*

*Contractors return to the provider institutional claims that do not meet one or more of these conditions.*

## **20.2 - Reporting of Service Units With HCPCS**

***(Rev. 2868, Issued: 02-06-14, Effective: 07-01-14, Implementation: 07-07-14)***

### **A. General**

Effective with claims submitted on or after April 1, 1998, providers billing on Form CMS-1450 were required to report the number of units for outpatient rehabilitation services based on the procedure or service, e.g., based on the HCPCS code reported instead of the revenue code. This was already in effect for billing on the Form CMS-1500, and CORFs were required to report their full range of CORF services on the Form CMS-1450. These unit-reporting requirements continue with the standards required for electronically submitting health care claims under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) - the currently adopted version of the ASC X12 837 transaction standards and implementation guides. The Administrative Simplification Compliance Act mandates that claims be sent to Medicare electronically unless certain exceptions are met.

### **B. Timed and Untimed Codes**

When reporting service units for HCPCS codes where the procedure is not defined by a specific timeframe (“untimed” HCPCS), the provider enters “1” in the field labeled units. For untimed codes, units are reported based on the number of times the procedure is performed, as described in the HCPCS code definition (often once per day).

**EXAMPLE:** A beneficiary received a speech-language pathology evaluation represented by HCPCS “untimed” code **92521**. Regardless of the number of minutes spent providing this service only one unit of service is appropriately billed on the same day.

Several CPT codes used for therapy modalities, procedures, and tests and measurements specify that the direct (one on one) time spent in patient contact is 15 minutes. Providers report procedure codes for services delivered on **any single calendar day** using CPT codes and the appropriate number of 15 minute units of service.

**EXAMPLE:** A beneficiary received occupational therapy (HCPCS “timed” code 97530 which is defined in 15 minute units) for a total of 60 minutes. The provider would then report revenue code 043X and 4 units.

### **C. Counting Minutes for Timed Codes in 15 Minute Units**

When only one service is provided in a day, providers should not bill for services performed for less than 8 minutes. For any single timed CPT code in the same day measured in 15 minute units, providers bill a single 15-minute unit for treatment greater than or equal to 8 minutes through and including 22 minutes. If the duration of a single modality or procedure in a day is greater than or equal to 23 minutes through and including 37 minutes, then 2 units should be billed. Time intervals for 1 through 8 units are as follows:

**Units    Number of Minutes**

1 unit:  $\geq$  8 minutes through 22 minutes

2 units:  $\geq$  23 minutes through 37 minutes

3 units:  $\geq$  38 minutes through 52 minutes

4 units:  $\geq$  53 minutes through 67 minutes

5 units:  $\geq$  68 minutes through 82 minutes

6 units:  $\geq$  83 minutes through 97 minutes

7 units:  $\geq$  98 minutes through 112 minutes

8 units:  $\geq$  113 minutes through 127 minutes

The pattern remains the same for treatment times in excess of 2 hours.

If a service represented by a 15 minute timed code is performed in a single day for at least 15 minutes that service shall be billed for at least one unit. If the service is performed for at least 30 minutes, that service shall be billed for at least two units, etc. It is not appropriate to count all minutes of treatment in a day toward the units for one code if other services were performed for more than 15 minutes. See examples 2 and 3 below.

When more than one service represented by 15 minute timed codes is performed in a single day, the total number of minutes of service (as noted on the chart above) determines the number of timed units billed. See example 1 below.

If any 15 minute timed service that is performed for 7 minutes or less than 7 minutes on the same day as another 15 minute timed service that was also performed for 7 minutes or less and the total time of the two is 8 minutes or greater than 8 minutes, then bill one unit for the service performed for the most minutes. This is correct because the total time is greater than the minimum time for one unit. The same logic is applied when three or more different services are provided for 7 minutes or less than 7 minutes. See example 5 below.

The expectation (based on the work values for these codes) is that a provider's direct patient contact time for each unit will average 15 minutes in length. If a provider has a consistent practice of billing less than 15 minutes for a unit, these situations should be highlighted for review.

If more than one 15 minute timed CPT code is billed during a single calendar day, then the total number of timed units that can be billed is constrained by the total treatment minutes for that day. See all examples below.

Pub. 100-02, Medicare Benefit Policy Manual, Chapter 15, Section 220.3B, Documentation Requirements for Therapy Services, indicates that the amount of time for each specific intervention/modality provided to the patient is not required to be documented in the Treatment Note. However, the total number of timed minutes must be documented. These examples indicate how to count the appropriate number of units for the total therapy minutes provided.

Example 1 –

24 minutes of neuromuscular reeducation, code 97112,  
23 minutes of therapeutic exercise, code 97110,  
Total timed code treatment time was 47 minutes.

See the chart above. The 47 minutes falls within the range for 3 units = 38 to 52 minutes.

Appropriate billing for 47 minutes is only 3 timed units. Each of the codes is performed for more than 15 minutes, so each shall be billed for at least 1 unit. The correct coding is 2 units of code 97112 and one unit of code 97110, assigning more timed units to the service that took the most time.

Example 2 –

20 minutes of neuromuscular reeducation (97112)  
20 minutes therapeutic exercise (97110),  
40 Total timed code minutes.

Appropriate billing for 40 minutes is 3 units. Each service was done at least 15 minutes and should be billed for at least one unit, but the total allows 3 units. Since the time for each service is the same, choose either code for 2 units and bill the other for 1 unit. Do not bill 3 units for either one of the codes.

Example 3 –

33 minutes of therapeutic exercise (97110),  
7 minutes of manual therapy (97140),  
40 Total timed minutes

Appropriate billing for 40 minutes is for 3 units. Bill 2 units of 97110 and 1 unit of 97140. Count the first 30 minutes of 97110 as two full units. Compare the remaining time for 97110 (33-30 = 3 minutes) to the time spent on 97140 (7 minutes) and bill the larger, which is 97140.

Example 4 –

18 minutes of therapeutic exercise (97110),  
13 minutes of manual therapy (97140),  
10 minutes of gait training (97116),  
8 minutes of ultrasound (97035),  
49 Total timed minutes

Appropriate billing is for 3 units. Bill the procedures you spent the most time providing. Bill 1 unit each of 97110, 97116, and 97140. You are unable to bill for the ultrasound because the total time of timed units that can be billed is constrained by the total timed code treatment minutes (i.e., you may not bill 4 units for less than 53 minutes regardless of how many services were performed). You would still document the ultrasound in the treatment notes.

Example 5 –

7 minutes of neuromuscular reeducation (97112)  
7 minutes therapeutic exercise (97110)  
7 minutes manual therapy (97140)  
21 Total timed minutes

Appropriate billing is for one unit. The qualified professional (See definition in Pub. 100-02, chapter 15, section 220) shall select one appropriate CPT code (97112, 97110, 97140) to bill since each unit was performed for the same amount of time and only one unit is allowed.

**NOTE:** The above schedule of times is intended to provide assistance in rounding time into 15-minute increments. It does not imply that any minute until the eighth should be excluded from the total count. The total minutes of active treatment counted for all 15 minute timed codes includes all direct treatment time for the timed codes. Total treatment minutes-- including minutes spent providing services represented by untimed codes-- are also documented. For documentation in the medical record of the services provided see Pub. 100-02, chapter 15, section 220.3.

**D. Specific Limits for HCPCS**

The Deficit Reduction Act of 2005, section 5107 requires the implementation of clinically appropriate code edits to eliminate improper payments for outpatient therapy services. The following codes may be billed, when covered, only at or below the number



of units indicated on the chart per treatment day. When higher amounts of units are billed than those indicated in the table below, the units on the claim line that exceed the limit shall be denied as medically unnecessary (according to 1862(a)(1)(A)). Denied claims may be appealed and an ABN is appropriate to notify the beneficiary of liability.

This chart does not include all of the codes identified as therapy codes; refer to section 20 of this chapter for further detail on these and other therapy codes. For example, therapy codes called “always therapy” must always be accompanied by therapy modifiers identifying the type of therapy plan of care under which the service is provided.

Use the chart in the following manner:

The codes that are allowed one unit for “Allowed Units” in the chart below may be billed no more than once per provider, per discipline, per date of service, per patient.

The codes allowed 0 units in the column for “Allowed Units”, may not be billed under a plan of care indicated by the discipline in that column. Some codes may be billed by one discipline (e.g., PT) and not by others (e.g., OT or SLP).

When physicians/NPPs bill “always therapy” codes they must follow the policies of the type of therapy they are providing e.g., utilize a plan of care, bill with the appropriate therapy modifier (GP, GO, GN), bill the allowed units on the chart below for PT, OT or SLP depending on the plan. A physician/NPP shall not bill an “always therapy” code unless the service is provided under a therapy plan of care. Therefore, NA stands for “Not Applicable” in the chart below.

When a “sometimes therapy” code is billed by a physician/NPP, but as a medical service, and not under a therapy plan of care, the therapy modifier shall not be used, but the number of units billed must not exceed the number of units indicated in the chart below per patient, per provider/supplier, per day.

<b>HCPCS</b>	<b>Code Description</b>	<b>Timed or Untimed</b>	<b>PT Allowed units</b>	<b>OT Allowed units</b>	<b>SLP Allowed units</b>	<b>Physician/ NPP NOT under Therapy POC</b>
<i>92521</i>	<i>Evaluation of speech fluency</i>	<i>Untimed</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>NA</i>
<i>92522</i>	<i>Evaluation of speech sound production</i>	<i>Untimed</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>NA</i>
<i>92523</i>	<i>Evaluation of language comprehension and expression</i>	<i>Untimed</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>NA</i>
<i>92524</i>	<i>Behavioral and</i>	<i>Untimed</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>NA</i>

HCPCS	Code Description	Timed or Untimed	PT Allowed units	OT Allowed units	SLP Allowed units	Physician/ NPP NOT under Therapy POC
	<i>qualitative analysis of voice and resonance</i>					
92597	Oral speech device eval	Untimed	0	1	1	NA
92607	Ex for speech device rx, 1hr	Timed	0	1	1	NA
92611	Motion fluroscopy/swallow	Untimed	0	1	1	1
92612	Endoscope swallow test (fees)	Untimed	0	1	1	1
92614	Laryngoscopic sensory test	Untimed	0	1	1	1
92616	Fees w/laryngeal sense test	Untimed	0	1	1	1
95833	Limb muscle testing, manual	Untimed	1	1	0	1
95834	Limb muscle testing, manual	Untimed	1	1	0	1
96110	Developmental test, lim	Untimed	1	1	1	1
96111	Developmental test, extend	Untimed	1	1	1	1
97001	PT evaluation	Untimed	1	0	0	NA
97002	PT re-evaluation	Untimed	1	0	0	NA
97003	OT evaluation	Untimed	0	1	0	NA
97004	OT re-evaluation	Untimed	0	1	0	NA

### 20.3 - Determining What Time Counts Towards 15-Minute Timed Codes - All Claims

(Rev. 1, 10-01-03)

A3-3653, SNF-532.C, AB-00-39

Providers report the code for the time actually spent in the delivery of the modality requiring constant attendance and therapy services. Pre- and post-delivery services are not to be counted in determining the treatment service time. In other words, the time counted as “intra-service care” begins when the therapist or physician (or an assistant under the supervision of a physician or therapist) is directly working with the patient to deliver treatment services. The patient should already be in the treatment area (e.g., on the treatment table or mat or in the gym) and prepared to begin treatment.

The time counted is the time the patient is treated. For example, if gait training in a patient with a recent stroke requires both a therapist and an assistant, or even two therapists, to manage in the parallel bars, each 15 minutes the patient is being treated can count as only one unit of code 97116. The time the patient spends not being treated because of the need for toileting or resting should not be billed. In addition, the time spent waiting to use a piece of equipment or for other treatment to begin is not considered treatment time.

#### **20.4 - Coding Guidance for Certain CPT Codes - All Claims (Rev. 1860; Issued: 11-23-09; Effective Date: 01-01-10; Implementation Date: 01-04-10)**

The following provides guidance about the use of codes 96105, 97026, 97150, 97545, 97546, and G0128.

- CPT Codes 96105, 97545, and 97546.

Providers report code 96105, assessment of aphasia with interpretation and report in 1-hour units. This code represents formal evaluation of aphasia with an instrument such as the Boston Diagnostic Aphasia Examination. If this formal assessment is performed during treatment, it is typically performed only once during treatment and its medical necessity should be documented. If the test is repeated during treatment, the medical necessity of the repeat administration of the test must also be documented. It is common practice for regular assessment of a patient’s progress in therapy to be documented in the chart, and this may be done using test items taken from the formal examinations. This is considered to be part of the treatment and should not be billed as 96105 unless a full, formal assessment is completed.

Other timed physical medicine codes are 97545 and 97546. The interval for code 97545 is 2 hours and for code 97546, 1 hour. These are specialized codes to be used in the context of rehabilitating a worker to return to a job. The expectation is that the **entire** time period specified in the codes 97545 or 97546 would be the treatment period, since a shorter period of treatment could be coded with another code such as codes 97110, 97112, or 97537. (Codes 97545 and 97546 were developed for reporting services to persons in the worker’s compensation program, thus we do not expect to see them reported for Medicare patients except under very unusual circumstances. Further, we would not expect to see code 97546 without also seeing code 97545 on the same claim. Code 97546, when used, is used in conjunction with 97545.)

- CPT Code 97026

Effective for services performed on or after October 24, 2006, the Centers for Medicare & Medicaid Services announce a NCD stating the use of infrared and/or near-infrared light and/or heat, including monochromatic infrared energy (MIRE), is non-covered for the treatment, including symptoms such as pain arising from these conditions, of diabetic and/or non-diabetic peripheral sensory neuropathy, wounds and/or ulcers of the skin and/or subcutaneous tissues in Medicare beneficiaries. Further coverage guidelines can be found in the National Coverage Determination Manual (Publication 100-03), section 270.6.

Contractors shall deny claims with CPT 97026 (infrared therapy incident to or as a PT/OT benefit) and HCPCS E0221 or A4639, if the claim contains any of the following ICD-9 codes:

250.60-250.63

354.4, 354.5, 354.9

355.1-355.4

355.6-355.9

356.0, 356.2-356.4, 356.8-356.9

357.0-357.7

674.10, 674.12, 674.14, 674.20, 674.22, 674.24

707.00-707.07, 707.09-707.15, 707.19

870.0-879.9

**880.00-887.7**

890.0-897.7

998.31-998.32

Contractors can use the following messages when denying the service:

- Medicare Summary Notice # 21.11 “This service was not covered by Medicare at the time you received it.”

- Reason Claim Adjustment Code #50 "These are noncovered services because this is not deemed a medical necessity by the payer."

Advanced Beneficiary Notice (ABN):

Physicians, physical therapists, occupational therapists, outpatient rehabilitation facilities (ORFs), comprehensive outpatient rehabilitation facilities (CORFs), home health agencies (HHA), and hospital outpatient departments are liable if the service is performed, unless the beneficiary signs an ABN.

Similarly, DME suppliers and HHA are liable for the devices when they are supplied, unless the beneficiary signs an ABN.

### **20.5 – CORF/OPT Edit for Billing Inappropriate Supplies (Rev. 319, Issued: 10-22-04, Effective: 07-01-01, Implementation: 04-04-05)**

Supplies furnished by CORFs/OPTs are considered part of the practice expense. Under the Medicare Physician Fee Schedule (MPFS) these expenses are already taken into account in the practice expense relative values. Therefore, CORFs/OPTs should not bill for the supplies they furnish except for the splint and cast, level II HCPCS Q codes associated with the level I HCPCS in the 29000 series.

The shared system maintainer will return to CORFs/OPTs any claims that they receive that contain a supply revenue code 270 without the splint and cast Level II HCPCS Q codes and the related Level I applicable HCPCS codes in the 29000 series.

The appropriate Level II HCPCS "Q" codes to be used are Q4001 thru Q4049.

The appropriate Level I HCPCS codes associated with the Level II HCPCS "Q" codes are 29000 thru 29085; 29105 thru 29131; and 29305 thru 29515.

## **30 - Special Claims Processing Rules for Outpatient Rehabilitation Claims - Form CMS-1500**

**(Rev. 1, 10-01-03)**

Rules for completing a Form CMS-1500 and electronic formats are in Chapter 26. Instructions in §§[10.1](#), [20.1](#), [20.2](#), [20.3](#) and [20.4](#) above also apply.

### **30.1 - Determining Payment Amounts**

**(Rev. 1, 10-01-03)**

Carriers use the MPFS to determine payment for outpatient rehabilitation services. Payment rules are the same as those for other services paid on the MPFS.

Assignment is mandatory.

See chapter 23, for a description of the MPFS.

## **30.2 - Applicable Carrier CWF Type of Service Codes**

**(Rev. 1, 10-01-03)**

The carrier assigns the type of service code before submitting the claim record to CWF.

U = Occupational therapy

W = Physical therapy

## **40 - Special Claims Processing Rules for Institutional Outpatient Rehabilitation Claims**

**(Rev. 1921, Issued: 02-19-10, Effective: 04-01-10, Implementation: 04-05-10)**

### **40.1 - Determining Payment Amounts - FIs**

**(Rev. 1921, Issued: 02-19-10, Effective: 04-01-10, Implementation: 04-05-10)**

Institutional outpatient rehabilitation claims are paid under the Medicare Physician Fee Schedule (MPFS). Medicare contractors should see [§100.2](#) for details on obtaining the correct fee amounts.

### **40.2 - Applicable Types of Bill**

**(Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)**

The appropriate types of bill for submitting outpatient rehabilitation services are: 12X, 13X, 22X, 23X, 34X, 74X, 75X, and 85X.

### **40.3 - Applicable Revenue Codes**

**(Rev. 2044, Issued: 09-03-10, Effective: 09-30-10, Implementation: 09-30-10)**

The appropriate revenue codes for reporting outpatient rehabilitation services are

0420 - Physical Therapy Services

0430 - Occupational Therapy Services

0440 – Speech-language pathology services

The general classification of revenue codes is all that is needed for billing. If, however, providers choose to use more specific revenue code classifications, the FI should accept them. Reporting of services is not limited to specific revenue codes; e.g., services other than therapy may be included on the same claim.

Many therapy services may be provided by both physical and occupational therapists. Other services may be delivered by either occupational therapists or speech-language

pathologists. Therefore, providers report outpatient rehabilitation HCPCS codes in conjunction with the appropriate outpatient rehabilitation revenue code based on the type of therapist who delivered the service, or, if a therapist does not deliver the service, then on the type of therapy under the plan of care (POC) for which the service is delivered.

#### **40.4 - Edit Requirements for Revenue Codes**

**(Rev. 1921, Issued: 02-19-10, Effective: 04-01-10, Implementation: 04-05-10)**

Medicare contractors edit to assure the presence of a HCPCS code when revenue codes 0420, 0430, 0440, or 0470 are reported. However, Medicare contractors do not edit the matching of revenue code to certain HCPCS codes or edit to limit provider reporting to only those HCPCS listed in section 20.

#### **40.5 - Line Item Date of Service Reporting**

**(Rev. 2044, Issued: 09-03-10, Effective: 09-30-10, Implementation: 09-30-10)**

Providers are required to report line item dates of service per revenue code line for outpatient rehabilitation services. CORFs are also required to report their full range of CORF services by line item date of service. This means each service (revenue code) provided must be repeated on a separate line item along with the specific date the service was provided for every occurrence.

Contractors will return claims that span two or more dates if a line item date of service is not entered for each HCPCS reported. Line item date of service reporting became effective for claims with dates of service on or after October 1, 1998.

Services that do not require line item date of service reporting may be reported before or after those services that require line item reporting.

#### **40.6 – Non-covered Charge Reporting**

**(Rev. 1921, Issued: 02-19-10, Effective: 04-01-10, Implementation: 04-05-10)**

Institutional outpatient therapy claims may report non-covered charges when appropriate according to the instructions provided in of this manual. Outpatient therapies billed as non-covered charges are not counted toward the financial limitation described above, when that limitation is in effect, unless the charges are subject to review after they are submitted and found to be covered by Medicare. Modifiers associated with non-covered charges that are presented in Chapter 1, section 60 can be used on claim lines for therapy services, in addition to the use of modifiers –GN, -GO and –GP.

#### **40.7 - Billing for Biofeedback Training for the Treatment of Urinary Incontinence**

**(Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)**

Medicare covered biofeedback training for the treatment of urinary incontinence may be provided by physical therapists in facility settings. For information regarding the

coverage of this service, see the Medicare National Coverage Determinations Manual, Chapter 1, Section 30.1.1. Medicare pays for this service under the Medicare Physician Fee Schedule.

Providers bill this service on one of the types of bill listed in section 40.2 using revenue code 042X and one of the following HCPCS codes:

- 90901 - Biofeedback training by any modality
- 90911 - Biofeedback training, perineal muscles, anorectal or urethral sphincter, including EMG and/or manometry

***40.8 – Rebilling Therapy Services for Hospital Inpatients  
(Rev. 2868, Issued: 02-06-14, Effective: 07-01-14, Implementation: 07-07-14)***

*If a beneficiary receives therapy services during an inpatient hospital stay which was denied because the stay was not medically necessary, the therapy services may be rebilled under Medicare Part B coverage. If the therapy would have been reasonable and necessary as hospital outpatient services, and provided the beneficiary has Part B entitlement, the services can be billed using Type of Bill 012x. All payment and billing requirements for outpatient therapy (including therapy caps, functional reporting and other instructions in this chapter) apply to these claims.*

**50 - CWF and PS&R Requirements - FIs  
(Rev. 2044, Issued: 09-03-10, Effective: 09-30-10, Implementation: 09-30-10)**

The FI reports the procedure codes in the financial data section (field 65a-65j) of the PS&R record. It includes revenue code, HCPCS, units, and covered charges in the record. Where more than one HCPCS procedure is applicable to a single revenue code, the provider reports each HCPCS and related charge on a separate line. The FI reports the payment amount before adjustment for beneficiary liability in field 65g “Rate” and the actual charge in field 65h “Covered Charges.” The PS&R system includes outpatient rehabilitation, and CORF services listed in subsections E and F on a separate report from cost based payments. See the PS&R guidelines for specific information.

**100 - Special Rules for Comprehensive Outpatient Rehabilitation Facilities (CORFs)  
(Rev. 1, 10-01-03)**

**100.1 - General  
(Rev. 1, 10-01-03)  
A3-3370.1, B3-9300.1**

The Omnibus Reconciliation Act of 1980 (Public Law 96-499, Section 933) defines CORFs (Comprehensive Outpatient Rehabilitation Facilities) as a distinct type of Medicare provider and adds CORF services as a benefit under Medicare Part B. The



Balance Budget Act (P.L.105-33) requires payment under a prospective system for all CORF services.

See chapter 1, for the policy on FI Designations governing CORFs.

See the Medicare Benefit Policy Manual, chapter 12, for a description of covered CORF services.

Physicians' diagnostic and therapeutic services furnished to a CORF patient are not considered CORF physician's services. The physician must bill the area Part B carrier for these services. If they are covered, the carrier reimburses them via the MPFS.

However, other services are considered CORF services to be billed by the CORF to the FI, and are also considered included in the fee amount under the MPFS. These services include such services as administrative services provided by the physician associated with the CORF, examinations for the purpose of establishing and reviewing the plan of care, consultation with and medical supervision of nonphysician staff, team conferences, case reviews, and other facility staff medical and facility administration activities relating to the services described in Medicare Benefit Policy Manual, chapter 12. Related supplies are also included in the MPFS fee amount.

The CORFs bill Medicare with the Form CMS-1450 using HCPCS codes and revenue codes. Usually the zero level revenue code is used. Payment is based on the HCPCS code and related MPFS amount.

Requirements in §§10 - 50 apply to CORF billing. In addition the following requirements apply.

**100.1.1 - Allowable Revenue Codes on CORF 75X Bill Types**  
(Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)

Effective October 1, 2012, the following revenue codes are allowable for reporting CORF services on 75X bill types:

0270	0274	0279	029X
0412	0419	042X	0410
044X	0550	0559	043X
0636	0771	0911	0569
0942			

**NOTE:** Billed revenue codes not listed in the above list will be returned to the provider by Medicare systems. See Chapter 25, Completing and Processing the CMS-1450 Data Set, for revenue code descriptions.

**100.2 - Obtaining Fee Schedule Amounts**  
(Rev. 1, 10-01-03)

## **PM AB-00-01, SNF-532.F**

The CMS furnishes FIs with an annual therapy abstract file and a CORF supplemental file through the Medicare Telecommunications System. The CMS notifies FIs when new files are available. FIs are responsible for informing CORFs of new fee schedule amounts.

Payment is calculated at 80 percent of the allowed charge after deductible is met. The allowed charge is the lower of billed charges or the fee schedule amount. Unmet deductible is subtracted from the allowed charge, and payment is calculated at 80 percent of the result.

### **EXAMPLE:**

\$120 Provider charge;

\$100 MPFS amount.

Payment is 80 percent of the lower of the actual charge or fee schedule amount, which in this case is \$80.00. (\$100.00 (MPFS) X 80 percent.)

The remaining 20 percent or \$20 is the patient's coinsurance liability.

These codes are updated as needed by CMS.

If the FI receives a claim for a Medicare covered CORF service with dates of service on or after July 1, 2000, that does not appear on its fee schedule abstract file, it has two options for obtaining pricing information:

- It is provided with a therapy abstract file or CORF supplemental file that contains all therapy services and their related prices. This supplemental file contains approximately a million records, and may be used as a resource to extract pricing data as needed. The data in the supplemental file is in the same format as the MPFS abstract file in exhibit 1, but the fields defining the fee and outpatient hospital indicators are not populated, instead they are space-filled.

The FI can contact the local carrier to obtain the price. When requesting the pricing data, it advises the carrier to provide the nonfacility fee from the MPFS. The MPFS supplemental file of physician fee schedule services is available for retrieval through CMS' Mainframe Telecommunications System. The FI is notified yearly of the file retrieval names and dates by a program memorandum or other communication.

### **100.3 - Proper Reporting of Nursing Services by CORFs - FIs (Rev. 1459; Issued: 02-22-08; Effective: 07-01-08; Implementation: 07-07-08)**

Nursing services performed in the CORF shall be billed utilizing the following HCPCS code:

G0128 – Direct (Face to Face w/ patient) skilled nursing services of a registered nurse provided in a CORF, each 10 minutes beyond the first 5 minutes.

In addition, HCPCS G0128 is billable with revenue codes 0550 and 0559 only.

#### **100.4 - Outpatient Mental Health Treatment Limitation (Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)**

The Outpatient Mental Health Treatment Limitation (the limitation) is not applicable to CORF services because CORFs do not provide services to treat mental, psychoneurotic and personality disorders that are subject to the limitation in section 1833(c) of the Act. For dates of service on or after October 1, 2012, HCPCS code G0409 is the only code allowed for social work and psychological services furnished in a CORF. This service is not subject to the limitation because it is not a psychiatric mental health treatment service.

For additional information on the limitation, see Publication 100-01, Chapter 3, section 30 and Publication 100-02, Chapter 12, sections 50-50.5.

#### **100.5 - Off-Site CORF Services (Rev. 1472, Issued: 03-06-08, Effective: 05-23-07, Implementation: 04-07-08)**

The CORFs may provide physical therapy, speech-language pathology and occupational therapy off the CORF's premises in addition to the home evaluation. Services provided offsite are billed separately and identified as "offsite" on the Form CMS-1450 (UB-04), in the "Remarks" form locator. The charges for offsite visits include any additional charge for providing the services at a place other than the CORF premises. There is no change in the payment method for offsite services.

#### **100.6 - Notifying Patient of Service Denial (Rev. 1472, Issued: 03-06-08, Effective: 05-23-07, Implementation: 04-07-08)**

Services may be noncovered because they are statutorily excluded from coverage under Medicare, or because they are not medically reasonable and necessary.

If a service is excluded by statute, the CORF may submit a claim for them to Medicare to obtain a denial prior to billing another insurance carrier. It shows the charges as noncovered, and includes Condition Code 21. It may bill the beneficiary for the excluded services, and need not issue an advance beneficiary notice (ABN). However, when providing therapy services under the financial limitations, the CORF should provide the beneficiary with the Notice of Exclusion of Medicare Benefits (NEMB). The Medicare Claims Processing Manual, Chapter 30, "Limitation on Liability," discusses ABNs for FI processed claims for Part B services.

If, after reviewing the plan of care, the CORF determines that the services to be furnished to the patient are not medically reasonable or necessary, it immediately provides the

beneficiary with an ABN. If the patient signs an ABN, the Form CMS-1450 includes occurrence code 32 “Date Beneficiary Notified of Intent to Bill (Procedures or Treatments)” along with the date the ABN was signed.

If the beneficiary insists that a claim be submitted for payment, the CORF must indicate on the bill (billed separately from bills with covered charges) that it is being submitted at the beneficiary’s request. This is done by using condition code 20.

If during the course of the patient’s treatment the FI advises the CORF that covered care has ceased, the CORF must notify the beneficiary (or the beneficiary’s representative) immediately.

**NOTE:** Information regarding the form locator numbers that correspond to these data element names and a table to crosswalk UB-04 form locators to the 837 transaction is found in Chapter 25.

## **100.7 - Payment of Drugs, Biologicals, and Supplies in a CORF** (Rev. 1459; Issued: 02-22-08; Effective: 07-01-08; Implementation: 07-07-08)

### **Drugs**

Drugs and biologicals generally do not apply in a CORF setting. Therefore, contractors are to advise their CORFs not to bill for them.

### **Supplies**

The CORFs should not bill for the supplies they furnish when such supplies are part of the practice expense for that service. Under the MPFS, nearly all of these expenses are already taken into account in the practice expense relative values. However, CORFs may bill separately for certain splint and cast supplies, represented by HCPCS codes Q4001 through Q4051, when furnishing a cast/strapping application service in the CPT code series 29000 through 29750.

### **Vaccines**

The CORFs should refer to Chapter 18, Preventive and Screening Services, for billing guidance on influenza, pneumococcal pneumonia, and Hepatitis B vaccines and their administration.

## **100.8 - Billing for DME, Prosthetic and Orthotic Devices, and Surgical Dressings** (Rev. 1593, Issued: 09-12-08; Effective Date: 07-01-08; Implementation Date: 12-12-08)

The CORFs bill DME on Form CMS-1500 to the DMERC except for claims for implanted DME, which are billed on Form CMS-1500 to the local carrier. If the CORF

does not have a supplier billing number from the National Supplier Clearinghouse (NSC), it may contact the NSC to secure one. If the local carrier has issued the CORF a provider number for billing physician services, the CORF may not use the same number when billing for DME.

### **100.10 - Group Therapy Services (Code 97150)**

**(Rev. 1145, Issued: 12-29-06, Effective: 01-01-07, Implementation: on or before 01-29-07)**

Policies for group therapy services for CORF are the same as group therapy services for other Part B outpatient services. See Pub 100-02, chapter 15, section 230.

#### **100.10.1 - Therapy Students**

**(Rev. 1145, Issued: 12-29-06, Effective: 01-01-07, Implementation: on or before 01-29-07)**

Policies for therapy students for CORF are the same as policies for therapy students for other Part B outpatient services. See Pub. 100-02, chapter 15, section 230.

### **100.11 - Billing for Social Work and Psychological Services in a CORF**

**(Rev. 2736, Issued: 06-28-13, Effective: 10-01-12, Implementation: 10-07-13)**

The CORF providers shall only bill social work and psychological services with the following HCPCS code:

G0409 – Social work and psychological services, directly relating to and/or the patient's rehabilitation goals, each 15 minutes, face-to-face; individual (services provided by a CORF-qualified social worker or psychologist in a CORF)

In addition, HCPCS code G0409 shall only be billed with revenue code 0569 or 0911.

### **100.12 - Billing for Respiratory Therapy Services in a CORF**

**(Rev. 1459; Issued: 02-22-08; Effective: 07-01-08; Implementation: 07-07-08)**

The CORF providers shall only bill respiratory therapy services with revenue codes 0410, 0412 and 0419. See Chapter 25, Completing and Processing the CMS-1450 Data Set, for revenue code descriptions.

### **Exhibit 1 - Physician Fee Schedule Abstract File**

**(Rev. 515, Issued: 04-01-05, Effective: 01-03-05, Implementation: 07-05-05)**

This file contains nonfacility fee schedule payment amounts for the outpatient rehabilitation, and CORF HCPCS codes listed in §20. These codes are identified in the abstract file by a value of “R” in the fee indicator field. The file includes fee schedule payment amounts by locality and is available via the CMS Mainframe Telecommunications System (formerly referred to as the Network Data Mover).

Record Length: 60  
 Record Format: FB  
 Block size: 6000  
 Character Code: EBCDIC  
 Sort Sequence: Carrier, Locality HCPCS Code, Modifier

<b>Data Element Name</b>	<b>COBOL Location</b>	<b>Picture</b>	<b>Value</b>
1 – HCPCS	1-5	X(05)	
2 – Modifier	6-7	X(02)	
3 – Filler	8-9	X(02)	
4 -- Non-Facility Fee	10-16	9(05)V99	
5 – Filler	17-23	X(07)	
6 – Filler	24-30	X(07)	
7 -- Carrier Number	31-35	X(05)	
8 – Locality	36-37	X(02)	Identical to the radiology/diagnostic fees
9 – Filler	38-40	X(03)	
10 -- Fee Indicator	41-41	X(1)	“R” - Rehab/Audiology/CORF services
11 -- Outpatient Hospital indicator	42-42	X(1)	“0” - Fee applicable in hospital outpatient setting “1” - Fee not applicable in hospital outpatient setting
12 – Filler	43-60	X(18)	

Upon CMS notification, the contractor is responsible for retrieving this file and making payment based on 80 percent of the lower of the actual charge or fee schedule amount indicated on the file after the Part B deductible has been met. The CMS will notify contractors of updates to the MPFS, file names and when the updated files will be available for retrieval. Upon retrieval, contractors disseminate the fee schedules to their providers. The file is also available on the CMS Web site in the Public Use Files (PUF) area.

## Transmittals Issued for this Chapter

<b>Rev #</b>	<b>Issue Date</b>	<b>Subject</b>	<b>Impl Date</b>	<b>CR#</b>
<a href="#"><u>R2868CP</u></a>	02/06/2014	Therapy Modifier Consistency Edits	07/07/2014	8556
<a href="#"><u>R2859CP</u></a>	01/17/2014	Applying the Therapy Caps to Critical Access Hospitals	01/31/2014	8426
<a href="#"><u>R2844CP</u></a>	12/27/2013	2014 Annual Update to the Therapy Code List	01/06/2014	8482
<a href="#"><u>R2809CP</u></a>	11/06/2013	2014 Annual Update to the Therapy Code List – Rescinded and replaced by Transmittal 2844	01/06/2014	8482
<a href="#"><u>R2783CP</u></a>	09/10/2013	Corrections to the Medicare Claims Processing Manual	09/17/2013	8343
<a href="#"><u>R2736CP</u></a>	06/28/2013	Billing Social Work and Psychological Services in Comprehensive Outpatient Rehabilitation Facilities (CORFs)	10/07/2013	8257
<a href="#"><u>R2725CP</u></a>	06/14/2013	Corrections to the Medicare Claims Processing Manual – Rescinded and replaced by Transmittal 2783	09/17/2013	8343
<a href="#"><u>R2690CP</u></a>	05/03/2013	Billing Social Work and Psychological Services in Comprehensive Outpatient Rehabilitation Facilities (CORFs) – Rescinded and replaced by Transmittal 2736	10/07/2013	8257
<a href="#"><u>R2622CP</u></a>	12/21/2012	Implementing the Claims-Based Data Collection Requirement for Outpatient Therapy Services -- Section 3005(g) of the Middle Class Tax Relief and Jobs Creation Act (MCTRJCA) of 2012	01/07/2013	8005
<a href="#"><u>R2615CP</u></a>	12/14/2012	Revisions of the Financial Limitation for Outpatient Therapy Services-Section 3005 of the Middle Class Tax Relief and Job Creation Act of 2012	10/01/2012	7785
<a href="#"><u>R2603CP</u></a>	11/30/2012	Implementing the Claims-Based Data	01/07/2013	8005

<b>Rev #</b>	<b>Issue Date</b>	<b>Subject</b>	<b>Impl Date</b>	<b>CR#</b>
		Collection Requirement for Outpatient Therapy Services -- Section 3005(g) of the Middle Class Tax Relief and Jobs Creation Act (MCTRJCA) of 2012 – Rescinded and replaced by Transmittal 2622		
<u>R2537CP</u>	08/31/2012	Expiration of 2012 Therapy Cap Revisions and User-Controlled Mechanism to Identify Legislative Effective Dates	01/07/2013	7881
<u>R2532CP</u>	08/24/2012	Implementing the Claims-Based Data Collection Requirement for Outpatient Therapy Services -- Section 3005(g) of the Middle Class Tax Relief and Jobs Creation Act (MCTRJCA) of 2012 – Rescinded and replaced by Transmittal 2603	01/07/2013	8005
<u>R2457CP</u>	04/27/2012	Revisions of the Financial Limitation for Outpatient Therapy Services-Section 3005 of the Middle Class Tax Relief and Job Creation Act of 2012 – Rescinded and replaced by Transmittal 2615	10/01/2012	7785
<u>R2328CP</u>	10/27/2011	Claim Adjustment Reason Code (CARC) Used for Therapy Claims Subject to the Multiple Procedure Payment Reduction	04/02/2012	7564
<u>R2160CP</u>	02/18/2011	Correction to Manual References in Chapter 5, Section 20.2	05/19/2011	7315
<u>R2121CP</u>	12/17/2010	Reporting of Service Units With HCPCS	03/21/2011	7247
<u>R2091CP</u>	11/12/2010	Correct Reporting of Modifiers and Revenue Codes on Claims for Therapy Services	04/04/2011	7170
<u>R2073CP</u>	10/22/2010	Therapy Cap Values for Calendar Year (CY) 2011	01/03/2011	7107
<u>R2055CP</u>	09/17/2010	Therapy Cap Values for Calendar Year (CY) 2011 – Rescinded and replaced by Transmittal 2073	01/03/2011	7107



<b>Rev #</b>	<b>Issue Date</b>	<b>Subject</b>	<b>Impl Date</b>	<b>CR#</b>
<u>R2044CP</u>	09/03/2010	Revisions and Re-issuance of Audiology Policies	09/30/2010	6447
<u>R2007CP</u>	07/23/2007	Revisions and Re-issuance of Audiology Policies – Rescinded and replaced by Transmittal 2044	08/11/2010	6447
<u>R1985CP</u>	06/11/2010	Clarifications and Updates of Therapy Services Policies	07/11/2010	6980
<u>R1975CP</u>	05/28/2010	Revisions and Re-issuance of Audiology Policies - Rescinded and replaced by Transmittal 2007	07/28/2010	6447
<u>R1951CP</u>	04/27/2010	Removal of the Provider Reporting Requirement for Total Number of Therapy Visits Using Value Codes 50-53	10/04/2010	6899
<u>R1921CP</u>	02/19/2010	Billing for Services Related to Voluntary Uses of Advanced Beneficiary Notices of Noncoverage (ABNs)	04/05/2010	6563
<u>R1894CP</u>	01/15/2010	Billing for Services Related to Voluntary Uses of Advanced Beneficiary Notices of Noncoverage (ABNs) – Rescinded and replaced by Transmittal 1921	04/05/2010	6563
<u>R1876CP</u>	12/18/2009	Coverage of Kidney Disease Patient Education Services	04/05/2010	6557
<u>R1860CP</u>	11/20/2009	Therapy Cap Values for Calendar Year (CY) 2010	01/04/2010	6660
<u>R1851CP</u>	11/13/2009	Therapy Cap Values for Calendar Year (CY) 2010 – Rescinded and replaced by Transmittal 1860	01/04/2010	6660
<u>R1850CP</u>	11/13/2009	2010 Annual Update to the Therapy Code List	01/04/2010	6719
<u>R1843CP</u>	10/30/2009	Outpatient Mental Health Treatment Limitation	01/04/2010	6686

<b>Rev #</b>	<b>Issue Date</b>	<b>Subject</b>	<b>Impl Date</b>	<b>CR#</b>
<u>R1840CP</u>	10/29/2009	Billing for Services Related to Voluntary Uses of Advanced Beneficiary Notices of Noncoverage (ABNs) – Rescinded and replaced by Transmittal 1894	04/05/2010	6563
<u>R1733CP</u>	05/08/2009	Manual Clarification for Skilled Nursing Facility (SNF) and Therapy Billing	04/27/2009	6407
<u>R1717CP</u>	04/24/2009	Speech-Language Pathology Practice Payment Policy	07/06/2009	6381
<u>R1706CP</u>	03/27/2009	Manual Clarification for Skilled Nursing Facility (SNF) and Therapy Billing – Rescinded and replaced by Transmittal 1733	04/27/2009	6407
<u>R1678CP</u>	02/13/2009	Outpatient Therapy Caps With Exceptions in CY 2009	04/06/2009	6321
<u>R1631CP</u>	11/07/2008	Extension of Therapy Cap Exception Process	12/08/2008	6222
<u>R1593CP</u>	09/12/2008	Smoking and Tobacco Use Cessation Counseling Billing Update for Comprehensive Outpatient Rehabilitation Facilities (CORFs) and Outpatient Physical Therapy Providers (OPTs)	12/12/2008	6163
<u>R1472CP</u>	03/06/2008	Update of Institutional Claims References	04/07/2008	5893
<u>R1459CP</u>	02/22/2008	Comprehensive Outpatient Rehabilitation Facility (CORF) Billing Requirement Updates for Fiscal Year (FY) 2008	07/07/2008	5898
<u>R1421CP</u>	01/25/2008	Update of Institutional Claims References - Rescinded and Replaced by Transmittal 1472	04/07/2008	5893
<u>R1414CP</u>	01/17/2008	Outpatient Therapy Caps Without KX Modifier Exceptions Start January 1, 2008	01/07/2008	5871
<u>R1407CP</u>	01/10/2008	Outpatient Therapy Caps Without KX Modifier Exceptions Start January 1, 2008 – Replaced by	01/07/2008	5871

<b>Rev #</b>	<b>Issue Date</b>	<b>Subject</b>	<b>Impl Date</b>	<b>CR#</b>
		Transmittal 1414		
<u>R1377CP</u>	11/23/2007	2008 Annual Update to the Therapy Code List	01/07/2008	5810
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<u>R001CP</u>	10/01/2003	Initial Publication of Manual	NA	NA

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