Patient Letter: Expiration of the Medicare Therapy Cap Exceptions Process

March 31, 2015

Dear Physical Therapy Patient:

As you may know, Medicare limits or “caps” the amount it will pay for outpatient physical therapy services in a calendar year. Your physical therapist is aware of this financial limitation. Until March 31, 2015, your therapist could apply for an exception if your care required medically necessary services that would exceed the payment cap. For physical therapy services exceeding $1,940 in 2015 to be covered by Medicare after April 1, 2015, Congress must take action to extend the therapy cap exceptions process. Congress is working on addressing the therapy cap and has signaled that it will take action to address the therapy cap in the coming weeks.

If you receive therapy services in a private practice, a physician's office, an outpatient hospital department, a skilled nursing facility under Medicare Part B, or a rehabilitation facility, the $1,940 therapy cap will apply to you. The cap does not apply to you if you receive skilled therapy in your home under Medicare’s home health benefit Part A, in a skilled nursing facility under Medicare Part A, or during an inpatient hospital stay under a Part A.

FAQs

It is important that you understand the basic facts about Medicare therapy cap policy. You are encouraged to speak with your physical therapist about the cap and review the following frequently asked questions to learn more about 2015 Medicare therapy cap guidelines and exceptions.

What is the therapy cap amount for 2015?
The annual per-beneficiary therapy cap amount for 2015 is $1,940 for outpatient physical therapy and speech-language pathology services combined. There is a separate $1,940 amount for occupational therapy services. Until March 31, 2015, if your outpatient therapy services are medically necessary and the costs go beyond $1,940, your therapist could obtain an exception that will enable you to continue therapy. Congress will need to take action to extend the therapy cap exceptions process for you to obtain an exception after April 1, 2015.

What is the exceptions process?
The exceptions process, which was in effect from January 1-March 31, 2015, allows you to receive outpatient therapy services in excess of the cap amount delivered in a calendar year. There are 2 exceptions processes—an automatic exceptions process and a manual medical review exceptions process.

What is the difference between an "automatic" exception and a "manual medical review" exception?
Your physical therapist can apply for an automatic exception to the therapy cap by using a special code on your claim form if you require outpatient services above $1,940. If you require outpatient services beyond $3,700, Medicare must first review your claims before it will continue to pay for your therapy services. Due to the complexity of the review process at $3,700, and the uncertainty it creates, your physical therapist will not be able to tell you at the time of the session whether or not your treatment will be covered by Medicare. It could be several weeks before your therapist knows whether or not services that exceed $3,700 will be covered.
What happens if Medicare decides that my physical therapy services are not medically necessary and will not pay for the services?
If your physical therapist and Medicare believe that your services will be deemed not medically necessary, your physical therapist should provide you with a notice, called an Advanced Beneficiary Notice (ABN), and you can agree to pay cash for these services in the event the claim is denied.

If a Medicare beneficiary receives outpatient physical therapy services January-March for a hip replacement and is discharged, then returns in September as a result of a stroke, is there 1 cap for the first episode of treatment and a new cap for the second episode of treatment?
No. The therapy cap is an annual per-beneficiary cap.

How can I tell Congress that the therapy cap should be eliminated?
Medicare beneficiaries can ask their members of Congress to repeal the therapy cap by going to the American Physical Therapy Association’s Patient Legislative Action Center at http://www.apta.org/PatientActionCenter/.

The American Physical Therapy Association (APTA) represents more than 90,000 physical therapists, physical therapist assistants, and students of physical therapy nationwide. APTA’s mission is to further the profession’s role in the prevention, diagnosis, and treatment of movement dysfunctions and the enhancement of the physical health and functional abilities of members of the public.