



## Medicare Therapy Cap Repeal FAQ

### **What was the Medicare Therapy Cap?**

Beginning in 1997 there had been an arbitrary cap limiting outpatient therapy services for Medicare beneficiaries. For more than 20 years, therapists depended on annual action from Congress to provide temporary solutions. While past exceptions processes may have worked temporarily, Congress allowed them to expire on occasion; which therapists experienced in early 2018 prior to the budget being signed into law. Without an exceptions process in place, beneficiaries “hit the cap” or were forced to ration visits for much needed care.

### **When was the Medicare Therapy Cap repealed?**

The therapy cap legislation was signed into law effective February 9, 2018.

### **How does therapy cap repeal impact outpatient hand therapists?**

The hard cap of \$2,010 for occupational therapy and physical therapy/speech language pathology combined has been eliminated. There is a permanent exceptions process for medically necessary services.

### **Which setting does this apply to?**

These changes apply to all settings where Medicare Part B outpatient services are provided. This includes outpatient rehabilitation departments, clinics, and services performed at skilled nursing facilities that are billed under Medicare Part B.

### **How does the latest budget bill change Medicare reimbursement for therapy assistants? (What are the payment changes for therapy assistants?)**

Starting in 2022, occupational therapy assistant (OTA) and physical therapy assistant (PTA) services will see a reduced payment (85% of OT/PT reimbursement) for outpatient therapy paid under the Medicare Physician Fee Schedule. There will be a new modifier that will specify that submitted services were provided by an OTA and PTA.

### **Do I still need to use the KX modifier? Why?**

KX modifiers will continue to be required for therapy claims that exceed \$2,010 for the 2018 calendar year (\$2,010 for occupational therapy; \$2,010 for physical therapy/speech language pathology combined). The hard cap has been eliminated but the purpose of the KX modifier is for continued attestation of medical necessity. Claims that exceed \$2,010 without the KX modifier will be denied.

### **Will the medical review process change?**

All claims over \$3,000 are subject to medical review through 2027. This threshold has been lowered from the initial threshold of \$3,700; however, no additional funding has been assigned toward the review process.

### **Still have questions?**

Review the resources below or submit your questions to the [ASHT e-Community](#) to learn more.

## References

American Occupational Therapy Association (2018). Treating and billing without the Medicare cap: FAQ's about the 2018 repeal. Retrieved from: <https://www.aota.org/Advocacy-Policy/Federal-Reg-Affairs/News/2018/Treating-Billing-without-Medicare-Therapy-Cap-FAQ-2018-Repeal.aspx>

American Occupational Therapy Association (2018). Amy Lamb, *Therapy Cap Repealed After 20 Years: Message from AOTA President*, (Feb. 9, 2018), Retrieved from: [https://www.aota.org/Advocacy-Policy/Congressional-Affairs/Legislative-Issues-Update/2018/therapy-cap-repealed-signed-into-law-aota-president-message.aspx?promo\\_name=stopped-the-cap&promo\\_creative=Advocacy-Policy&promo\\_position=hero](https://www.aota.org/Advocacy-Policy/Congressional-Affairs/Legislative-Issues-Update/2018/therapy-cap-repealed-signed-into-law-aota-president-message.aspx?promo_name=stopped-the-cap&promo_creative=Advocacy-Policy&promo_position=hero)

American Physical Therapy Association (2018). Medicare therapy cap. Retrieved from: <http://www.apta.org/FederalIssues/TherapyCap/>

American Physical Therapy Association (2018). A Permanent Fix to the Therapy Cap: Improved Access for Medicare Patients Comes with Pending APTA-Opposed Cut to PTA Payment, PT In Motion, APTA (Feb. 9, 2018), Retrieved from: <http://www.apta.org/PTinMotion/News/2018/02/09/TherapyCapRepeal/>

House of Representatives (2018). Section-by-section summary of rules committee print 115-58. Retrieved from: [https://rules.house.gov/sites/republicans.rules.house.gov/files/115/PDF/sxs\\_summary.pdf](https://rules.house.gov/sites/republicans.rules.house.gov/files/115/PDF/sxs_summary.pdf)

U.S. Centers for Medicare and Medicaid Services. (2018). Physical therapy/occupational therapy/speech therapy services. Retrieved from: <https://www.medicare.gov/coverage/pt-and-ot-and-speech-language-pathology.html>