

Medicare Therapy Cap Frequently Asked Questions

What is the therapy cap?

The “therapy cap” is an arbitrary limit that has been placed on rehabilitation services covered by Medicare in all outpatient rehabilitation settings except hospital outpatient departments. This cap applies to physical therapy, speech language pathology and occupational therapy services.

When did the therapy cap go into effect?

The therapy cap went into effect on January 1, 2007.

What is the history of the therapy cap?

The therapy cap was signed into law in 1997 as part of the Balanced Budget Act. The therapy cap was not based on data, quality of care concerns or clinical judgment – its sole purpose was to save resources needed to balance the federal budget. Yet, studies show the cap does not save Medicare money, it just shifts the costs to different settings. Congress has delayed implementation of the caps three times by passing a moratorium on their enforcement in 1999, 2000 and 2003. Congress chose not to renew the therapy cap moratorium letting it expire on December 31, 2005. Congress did pass legislation instructing the Centers for Medicare and Medicaid Services to institute an exceptions process for beneficiaries to apply for care above the therapy cap. **Congress has authorized exceptions to the therapy caps through June 30, 2008.**

What is the dollar amount of the therapy cap?

In 2008, the outpatient therapy services cap is \$1,810 for physical therapy and speech language pathology combined and a separate \$1,810 cap for occupational therapy. These limits do not apply to services provided in outpatient hospital or hospital emergency room settings.

What portion of \$1,780 is actually covered by Medicare, how much is the beneficiaries' responsibility?

If you have already met your deductible, Medicare will pay 80% of the \$1810, or \$1448. Medicare beneficiaries are responsible for 20% of \$1810, or \$362.

How does Medicare track the amount a beneficiary has used towards the cap? How will they know when they are approaching the limit?

Medicare beneficiaries receive a Medicare Summary Notice (MSN) that notifies them of the dollar amount that has been applied during the calendar year towards the cap.

What are the options if therapy services are needed above the capped amount?

If a Medicare beneficiary exceeds the therapy cap, they can apply for an exception, seek care in outpatient hospitals or pay for the services out of pocket. **If you wish to apply to Medicare for an exception, talk with your physical therapist to find out if you qualify for an automatic exception to the therapy cap.**

Will the caps be law next year?

The best long term solution is to get rid of the therapy caps altogether to protect the Medicare beneficiaries who need care the most. Legislation has been introduced to fully repeal the therapy caps, ***The Medicare Access to Rehabilitation Services Act of 2007 (S. 450/HR 748)***. Ask your physical therapist about this legislation and other efforts by Congress to make sure you do not see arbitrary limits on the physical therapy services you need. You can also visit APTA's Patient Action Center at www.apta.org/consumer/action to learn more about how you can contact Congress about repealing the therapy caps.



Medicare Therapy Cap Exception Process

Frequently Asked Questions

Who qualifies for an exception to the therapy cap?

A Medicare patient may qualify for an exception from the \$1810 financial limit when the patient's condition requires continued skilled therapy beyond the therapy cap to achieve prior functional status or maximum expected functional status within a reasonable period of time. Be sure to ask your physical therapist to find out whether your specific case may qualify for an exception to the therapy cap.

I understand that this exception process is only authorized through June 30, 2008. What happens if I need care above the therapy cap later in the year?

Under current law the exceptions process will expire on **July 1, 2008**. Without congressional action, the therapy cap (without any exceptions) will be back in place on July 1, 2008. Ask your physical therapist about legislation to repeal the therapy caps, *The Medicare Access to Rehabilitation Services Act of 2007 (S. 450/HR 748)*, and other efforts by Congress to make sure you do not see arbitrary limits on the physical therapy services you need. You can also visit APTA's Patient Action Center at www.apta.org/consumer/action to learn more about how you can contact Congress about repealing the therapy caps.

Where can I go with further questions about this process?

Talk to your physical therapist or call Medicare directly at 1-800-MEDICARE.

For more information about physical therapy issues please visit APTA at www.apta.org or contact the Government Affairs Department at 703-706-8533, govtaffair@apta.org.