

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 has been in effect since March of 2006, although an exceptions process has allowed beneficiaries to obtain medically necessary care exceeding the cap. The exceptions process will expire December 31, 2009 unless Congress acts to extend it.

What is the dollar amount of the therapy cap?

In 2009, the outpatient therapy services cap is \$1,840 for physical therapy and speech language pathology combined and a separate \$1,840 cap for occupational therapy. These limits do not apply to services provided in outpatient hospital or hospital emergency room settings.

What portion of \$1,840 is covered by Medicare, and how much is the beneficiaries’ responsibility?

If you have already met your deductible, Medicare will pay 80% of the \$1,840, or \$1,472. Medicare beneficiaries are responsible for 20% of \$1,840, or \$368.

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?

Through December 31, 2009, if a Medicare beneficiary exceeded the therapy cap they can apply for an exception, seek care in outpatient hospitals, or pay for the services out of pocket once they have exceeded their cap.

Who qualifies for an exception to the therapy cap?

Until December 31, 2009, a Medicare patient can qualify for an exception from the \$1,840 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.

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. Studies show the cap does not save money, it just shifts the costs to different settings. Congress delayed implementation of the caps three times by passing a moratorium on enforcement in 1999, 2000 and 2003. Congress chose to allow the therapy cap moratorium to expire 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 in 2006, 2007, and in July of 2008 when Congress extended the exceptions process until December 31, 2009.

Will the caps be law next year?

Legislation has been introduced to fully repeal the therapy caps, *The Medicare Access to Rehabilitation Services Act of 2009* (S. ___/H.R. ___). Ask your physical therapist about this legislation and other efforts in Congress to make sure the physical therapy services you need are not arbitrarily limited. You can also visit

APTA's Patient Action Center at www.apta.org/consumer/action. Your Therapist can access information at www.apta.org/takeaction.

Where can I go with further questions about the therapy cap exceptions 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, advocacy@apta.org.