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# Program Memorandum Intermediaries/Carriers

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Department of Health & Human  
Services (DHHS)  
Centers for Medicare & Medicaid  
Services (CMS)

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Transmittal AB-03-085

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## CHANGE REQUEST 2792

**SUBJECT: Beneficiary Notice of Implementation of Outpatient Therapy Service Limitations**

**This Program Memorandum (PM) supplements PM AB-03-018, (CR 2183), dated February 7, 2003. A General Information Medicare Summary Notice (MSN) message will be added to all claims to inform beneficiaries of a change in coverage on July 1, 2003.**

### Background

Section 4541(a)(2) of the Balanced Budget Act (BBA) (P.L. 105-33) of 1997, required payment under a prospective payment system for outpatient rehabilitation services. Outpatient rehabilitation services include the following services:

- Physical therapy (which includes outpatient speech-language pathology); and
- Occupational therapy.

Section 4541(c) of the BBA required application of a financial limitation to all outpatient rehabilitation services (with the exception of outpatient departments of a hospital). These limits were in effect in 1999, but were removed in 2000-2002. Beginning July 1, 2003, the limitations on outpatient therapy services will be implemented again.

### Notice to Beneficiaries of Implementation of Therapy Limitations

Medicare Summary Notices published on and after July 1, 2003 through December 31, 2003, shall include the following general message in the general information section of the Medicare Summary Notice:

**ALERT:** Starting with services received on July 1, 2003, coverage by Medicare is limited for outpatient physical therapy (PT), speech-language pathology (SLP), and occupational therapy (OT) services. For the period July 1, 2003 through December 31, 2003, the limits are \$1590 for PT and SLP combined and \$1590 for OT. Medicare pays up to 80% of the limits. These limits don't apply to therapy you get at hospital outpatient departments. If you have questions, please call 1-800-Medicare.

### Spanish Translation:

ALERTA: Comenzando el 1 de julio del 2003, la cubierta de Medicare es limitada para servicios ambulatorios de terapia física, patología del habla y terapia ocupacional. Durante el periodo del 1 de julio del 2003 hasta el 31 de diciembre del 2003, el límite combinado para las terapias físicas y del habla es de \$1,590. Además, hay un límite separado de \$1,590 para las terapias ocupacionales. De estos límites, Medicare paga hasta el 80%. Estos límites no se aplican a la terapia que usted recibe en un hospital ambulatorio. Si tiene alguna pregunta, por favor llame al 1-800 Medicare.

**The *effective date* for this PM is July 1, 2003.**

**The *implementation date* for this PM is July 1, 2003.**

**This PM may be discarded after December 31, 2003.**

**These instructions should be implemented within your current operating budget.**

**If you have any questions, contact your local regional office.**