CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 706

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: OCTOBER 7, 2005

Change Request 3934

***NOTE**: Transmittal 611, dated July 22, 2005 is rescinded and replaced with Transmittal 706, dated October 7, 2005. There were changes to the business requirements document to add the Type of Bill 12X to business requirements 3934.1, 3934.2, 3934.3.1.1, 3934.3.2, 3934.4 and 3934.5. All other information remains the same.*

SUBJECT: Payment Methodology for Rehabilitation Services in IHS/Tribally Owned and/or Operated Hospitals and Hospital-Based Facilities

I. SUMMARY OF CHANGES: Billing from IHS/Tribally owned and/or operated hospitals and hospital based facilities for rehabilitation services, including Physical Therapy, Occupational Therapy, Speech-Language Pathology and Audiology Services, should follow the billing instructions for non-IHS/Tribal hospitals. IHS/Tribally owned and/or operated hospitals and hospital based facilities will be paid based on the Medicare Physician Fee Schedule, except for Critical Access Hospitals which are paid on a cost basis.

NEW/REVISED MATERIAL :
EFFECTIVE DATE : January 1, 2006
IMPLEMENTATION DATE : January 3, 2006

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	19/50/1.1/Services Paid Under the Physician Fee Schedule

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 706	Date: October 7, 2005	Change Request 3934

NOTE: Transmittal 611, dated July 22, 2005 is rescinded and replaced with Transmittal 706, dated October 7, 2005. There were changes to the business requirements document to add the Type of Bill 12X to business requirements 3934.1, 3934.2, 3934.3.1.1, 3934.3.2, 3934.4 and 3934.5. All other information remains the same.

SUBJECT: Payment Methodology for Rehabilitation Services in IHS/Tribally Owned and/or Operated Hospitals and Hospital Based Facilities

Clarification of the billing rules for Physical Therapy, Occupational Therapy, Speech-Language Pathology and Audiology Services.

NOTE: Facilities operated by IHS and tribally-owned and operated hospitals and hospital-based facilities, including critical access hospitals (CAHs), will be referred to as IHS/Tribal facilities in the remainder of this attachment.

I. GENERAL INFORMATION

A. Background: BIPA §432 of 2000 authorized IHS/Tribal facilities to bill for Part B services provided by physician and non-physician practitioners in hospitals and ambulatory care clinics at the lesser of the actual charges or fee schedule. Billing for physical therapy, occupational therapy, speech-language pathology and audiology services, included under BIPA authorities, by IHS/Tribal facilities should follow the same billing methodology of other hospital and hospital based facilities, including CAHs.

In the past, the all inclusive rate (AIR) was paid for therapeutic services, including physical therapy, occupational therapy, speech-language pathology and audiology services.

B. Policy: IHS/Tribal facilities shall bill for therapeutic services including physical therapy, occupational therapy, speech-language pathology and audiology services using the appropriate revenue code and HCPCS code. Payment for these services to IHS/Tribal facilities will be made under the Medicare Physician Fee Schedule (MPFS) to hospital and hospital based facilities, excluding CAHs. For CAH IHS/Tribal facilities a cost-related basis shall be used to calculate and make payment.

In an effort to allow IHS/Tribal facilities cost reports to be uniform in approximating the AIR, these changes will not take effect until January 1, 2006. Until the effective date, TrailBlazer Health for IHS/Tribal facility claims should pay the AIR for these therapeutic services.

II. BUSINESS REQUIREMENTS

“Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3934.1	Effective January 1, 2006, the FISS shall accept and process Type of Bill (TOB) 12X, 13X, 83X or 85X claims for physical therapy, occupational therapy, speech-language pathology and audiology services that are submitted by IHS/Tribal facilities.					X				
3934.2	FISS shall accept and process TOB 12X, 13X, 83X or 85X for these therapy services based on Revenue Codes (RCs) 042X, 043X, 044X and 047X with appropriate HCPCS codes.					X				
3934.3	FISS shall calculate these claims utilizing the appropriate payment methodology for payment amount.					X				
3934.3.1	FISS shall calculate payment for therapy services billed on TOB 85X with RCs 042X, 043X, 044X and 047X on a reasonable cost basis for IHS/Tribal facilities.					X				
3934.3.1.1	FISS shall calculate payment for therapy services billed on TOB 12X, 13X or 83X with RCs 042X, 043X, 044X and 047X based on the MPFS for IHS/Tribal facilities.					X				
3934.3.2	The FI shall pay TOB 12X, 13X or 83X with RCs 042X, 043X, 044X and 047X with appropriate HCPCS codes based on the MPFS for IHS/Tribal facilities.	X								
3934.3.3	The FI shall pay the 85X TOB with RCs 042X, 043X, 044X and 047X with appropriate HCPCS codes based on reasonable cost (regular CAH payment methodology) for IHS/Tribal facilities.	X								

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3934.4	The FISS shall calculate and apply appropriate coinsurance amounts to TOBS 12X, 13X, 83X or 85X for therapy services.	X				X				
3934.5	The FISS shall calculate and apply appropriate Medicare deductible amounts to these 12X, 13X, 83X and 85X TOBs for therapy services.	X				X				
3934.6	Until the effective date for these instructions, FIs shall continue to pay for therapy services using the AIR, except for IHS/Tribal CAHs, which are paid on a cost based payment methodology.	X								

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3934.7	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.	X								

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
	Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.									

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions CR2055

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date: January 1, 2006 **Implementation Date:** January 3, 2006 **Pre-Implementation Contact(s):** Susan Guerin at 410-786-6138 or susan.guerin@cms.hhs.gov **Post-Implementation Contact(s):** Appropriate regional office	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

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50.1.1 Services Paid Under the Physician Fee Schedule

(Rev. 706, Issued: 10-07-05, Effective: 01-01-06, Implementation: 01-03-06)

The services that may be paid to IHS, tribe, and tribal organization facilities under the Medicare physician fee schedule are as follows:

- Services for which payment is made under §1848 of the Act. Section 1848(j)(3) defines physician services paid under the physician fee schedule. Although anesthesia services are considered to be physician services these services are not included on the physician fee schedule database. Anesthesia services are covered and are reimbursed using a separate payment method (see §1848(d)(1)(D)). Also, included are diagnostic tests (see §1861(s)(3)), covered drugs and biologicals furnished incident to a physician service (see §1861(s)(2)(A) and (b)) and Diabetes Self-Management Training services (see 1861(s)(2)(S)).

- Services furnished by a physical therapist (which includes *audiology and* speech language pathology services furnished by a provider of service) or occupational therapist as described in §1861(p) of the Act for which payment under Part B is made under a fee schedule.

- Services furnished by a practitioner described in §1842(b)(18)(C) of the Act for which payment under Part B is made under a fee schedule.

- Services furnished by a registered dietitian or nutrition professional (meeting certain requirements) as defined in §105 of BIPA for medical nutrition therapy services for beneficiaries with diabetes or renal disease.

- Screening mammograms services are now paid under the physician fee schedule based on the BIPA provision. The specific non-physician practitioners included and the appropriate payment percentage of the fee schedule amount are:

Practitioner Services	Percentage of Physician Payment
Certified Registered Nurse Anesthetist (medically directed)	50 percent
Certified Registered Nurse Anesthetist (non-medically directed)	100 percent
Clinical Nurse Specialist	85 percent
Clinical Psychologist	100 percent
Clinical Social Worker	75 percent
Nurse Mid-Wife	65 percent
Nurse Practitioner	85 percent
Nutrition Professional/ Registered Dietitian	85 percent
Occupational Therapist	100 percent
Physical Therapist	100 percent
Physician Assistant	85 percent

Subject to national coverage determinations and local medical review policies, pay for services included in the Medicare Physician Fee Schedule Database that have the following status indicators:

- A = active
- C = carrier-priced code
- R = restricted coverage (if no RVUs are shown, service is carrier priced)
- E = excluded from physician fee schedule by regulation

For Medicare covered outpatient drugs use the standard payment methodology.

Audiologists can directly bill Medicare but only for diagnostic tests. For laboratory services, if the IHS, tribe or tribal facility were paying for the laboratory services then the IHS, tribe or tribal facility would bill through the hospital through the hospitals all-inclusive rate.

Payment for telehealth under Medicare Part B includes professional consultations, office visits and other outpatient visits, individual psychotherapy, pharmacological management and the psychiatric diagnostic interview examination as identified by CPT codes 99201 through 99215, 99241 through 99275, 90804 through 90809, 90862 and 90801. For more information see the Medicare Benefit Policy Manual--chapter 15, section 270.

See Chapter 5 for billing information on rehabilitation services.