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news + updates

BILLING COMPLIANCE CONSULTING

HEALTHCARE COMPLIANCE + NETWORKING INC.

THERAPY CAP

Congress did not complete their work on budget reconciliation bill S. 1932 before the end of the year. Therefore, January 1, 2006 marked the beginning of Medicare's therapy cap for outpatient therapy services. The cap of $1,740 (net $1,392) applies to Occupational Therapy. Another cap of $1,740 (net $1,392) applies to Physical Therapy and Speech Therapy combined. However, we expect that the House will conclude work on the bill by the end of January. Among other things, the bill would modify the therapy cap to allow exceptions.

When caring for Medicare patients under the therapy cap, we recommend the following considerations:

- **Admission Process**

Thoroughly screen the patient to see whether they have received occupational therapy, physical therapy, or speech therapy in 2006. DDE provides access to "ELGA" and ELGB" screens. Your billing agent or company should be able to assist with this.

- **Calculate the Number of Visits Based on the Cap Balance**

Divide the expected gross reimbursement amount per visit, by the cap balance. If the patient has not received services in 2006, the cap balance should be $1,740. This will give you a fair estimate of the number of visits you can provide within the cap balance.

- **Educate Medicare Patients about the Cap**

During the admission process, explain that all Medicare patients are subject to the cap, and they have two options after reaching it: (1) they can receive services in an outpatient hospital setting (Hospitals are not subject to the cap.), or (2) they can pay out-of-pocket for services exceeding the cap.

- **NEMB Form**

If you estimate that the required services will exceed the cap, please give the patient a NEMB form. This *Notice of Exclusion of Medicare Benefits* notifies the patient that he or she is financially responsible for services excluded from Medicare benefits (the cap). You can download the form in English and Spanish at: http://www.hcan.net/documents.asp. Select the document titled, *NEMB - English and Espanol.pdf*

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OIG WORK PLAN FOR 2006

The Office of Inspector General (OIG) will target some CORF and ORF issues during fiscal year 2006. Here are the ones we identified that might affect you.

- **Physical and Occupational Therapy Services**

The OIG will review Medicare claims for therapy services provided by physical and occupational therapists. They will determine whether the services were reasonable, medically necessary adequately documented, and certified.

- **Billing Service Companies**

The OIG will identify and review relationships between billing companies and the Medicare providers who use their services. We strongly recommend that you make certain your billing agent complies with the program for billing companies recommended by the OIG.

- **Wound Care Services**

The OIG will review claims to determine whether services were medically necessary and billed in accordance with Medicare requirements.

- **Therapy services provided by CORF**

The OIG will determine whether CORF provided and billed PT, ST and OT services in accordance with Medicare eligibility and reimbursement requirements. The Balanced Budget Act (BBA) of 1997 required a Prospective Payment System (PPS) for all CORF services. Prior OIG reviews found that Medicare paid significant amounts for unallowable or highly questionable therapy services in CORF, ORF, and nursing homes.

REMEMBER THIS QUARTER!

Your Medicare Credit Balance Report is due 30 days after the end of each quarter. Failing to file this report will result in 100% withholding of your Medicare payments! You must file with the assistance of your billing agent. You can download instructions and a copy of this report from our website: http://www.hcan.net/documents.asp. Select the document titled, *Credit Balance Report.pdf.*

want more information?

Visit **www.hcan.net** or call **904.398.0506**