

**Date:** September 29, 2005

**Subject:** 2006 Therapy Cap

This notice is being issued to provide plans and ROs with updated information and instructions related to the 2006 therapy cap. This guidance supersedes guidance sent via HPMS on September 19, 2005.

Congress established a moratorium on financial limitations on outpatient therapy services on December 8, 2003, that extended through December 31, 2005. Caps will be implemented again in January 1, 2006, unless there is legislation to re-establish the moratorium before that time. This means that in 2006, original Medicare will impose a financial limit of about \$1,750 on the amount of care that Medicare enrollees can receive from independently practicing physical, speech and occupational therapists.

There should be no "bidding" concerns or issues. CMS will not require a resubmission of bids or Summary of Benefits.

For organizations that have already received prior approval on their ANOCs, you do not need to modify or re-submit your ANOCs to the ROs. Plans can use their newsletters or other subsequent materials to inform their members about the Therapy caps.

For MA organizations, Cost plans and demonstrations that have not received approval for ANOCs, please choose one of the following instructions.

Similar language can be used in the section 3 of the Summary of Benefits (SB) to indicate the original Medicare limit on charges from independently practicing therapists and must state clearly whether or not plan will impose Therapy caps.

**Instruction for plan that will impose caps – required usage:**

"In 2006, original Medicare will impose a financial limit of about \$1,750 on the amount of care you can receive from independently practicing physical, speech and occupational therapists. [Name of health plan] will limit therapy coverage in a similar manner. However, under both original Medicare and [Name of health plan], you are permitted to get the therapy you need from an outpatient hospital department without financial limitation."

**Instruction for plan that will NOT impose caps – optional usage:**

"In 2006, original Medicare will impose a financial limit of about \$1,750 on the amount of care you can receive from independently practicing physical, speech and occupational therapists. [Name of health plan] will NOT limit therapy coverage in a similar manner."