

# Medicare and Medicaid Clinical Guideline: Outpatient Physical Therapy, Occupational Therapy, and Speech Therapy Utilization

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Next Effective Date: 5/2026

Department: Medical Management

Owner: Director, Utilization Management

Approved by: Chief Medical Officer

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Applicable Line of Business (LOB): Medicare, MLTC, MMC

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## 1. Purpose

To ensure appropriate, evidence-based utilization of outpatient physical therapy (PT), occupational therapy (OT), and speech therapy (ST) services for Medicare Advantage beneficiaries while complying with CMS regulations, promoting functional outcomes, and preventing overutilization.

## 2. Scope

This guideline applies to all outpatient PT, OT, and ST services delivered under the Medicare Advantage plan, including services provided in outpatient clinics, therapy centers, and home-based settings when billed under outpatient benefits.

## 3. Service Approvals

Outpatient PT, OT, ST services must be:

- Medically necessary and restorative in nature.
- Ordered by a licensed physician or qualified provider.
- Delivered under a written plan of care reviewed and certified every 30 days.
- Supported by measurable functional goals and objective documentation.
- Evaluated for continued necessity through re-assessments.

## 4. Clinical Criteria

### Initial Evaluation & Treatment

- Covered for functional impairments due to illness, injury, or surgery.
- Requires physician referral and evaluation by a licensed therapist.
- Must include objective baseline measurements and functional goals using standardized tools (e.g., PROMIS, DASH, Berg Balance Scale).

## Treatment Plan Requirements

Plan of care must include:

- Diagnosis and therapy rationale.
- Functional goals (SMART format).
- Frequency and duration (e.g., 2x/week x 6 weeks).
- Discharge criteria.
- Certification by the referring provider within 30 days.

## 5. Utilization Management Protocols

### A. Authorization Requirements

- Initial visits (evaluation visit + up to 11 follow up visits, total 12 visits)
- Continuation (greater than 12 visits up to 24 visits): Prior authorization required with submission of:
  - Progress report.
  - Updated objective measures.
  - Justification for continued skilled therapy.

### B. Continuation Authorizations

- Member demonstrates meaningful functional progress.
- Therapy prevents decline in ADLs for chronic neuromuscular disorders.
- Services required post-surgery (e.g., joint replacement).
- Prior authorization granted for extension based on clinical review.

### C. Denial Criteria

- Services primarily for maintenance without evidence of skill need.
- Duplicative services from multiple therapists without care coordination.
- Lack of measurable improvement after 4-6 visits.
- Absence of physician certification or plan of care.

The Clinical Evaluation Manager (CEM) will clearly outline rationale for discontinuation of authorization in the clinical review note and forward for medical director review (MDR) via GuidingCare activity.

## 6. Documentation Standards

Therapists must document:

- Objective measures (ROM, strength, endurance, gait, ADLs).
- Progress toward goals every 4 visits.
- Barriers to progress and plan modifications.
- Functional improvements aligned with therapy goals.
- Pain relief

The CEM ensures the documentation from the therapist includes the above. When information is incomplete, the CEM will make three attempts to obtain the information. When information remains incomplete, the request should be forwarded for MDR due to inability to establish medical necessity due to lack of information.

## **7. Oversight & Audit**

- Quarterly audits of therapy claims for:
  - Medical necessity.
  - Timely documentation.
  - Plan adherence and recertification.
- Outlier provider identification based on utilization and outcomes.

## **8. Provider Education**

- Annual training on Medicare and Medicaid documentation and medical necessity.
- Dissemination of CMS updates and plan policy changes.

## **9. CMS Compliance**

Adheres to:

- CMS Pub 100-02 Medicare Benefit Policy Manual, Chapter 15.
- Medicare coverage rules for outpatient therapy.
- NCCI Edits and LCD/NCD guidance.
- eMedNY for Medicaid LOB