Humana.

Claims Payment Policy

Subject: Rehabilitative and Habilitative Services

Application: Commercial Products
Policy number: CP2015015
Related policies: N/A

Published date: 12/2016
Revision date: 11/2017

Overview

The Patient Protection and Affordable Care Act (ACA) requires health insurance plans in the individual and small group markets to provide *rehabilitative and habilitative services and devices* as one of the ten categories of *essential health benefits (EHB)*. In its final rule regarding the Notice of Benefit and Payment Parameter for 2016, the Department of Health and Human Services (HHS) amended the Code of Federal Regulations (CFR) to clarify that ACA-compliant plans cannot impose limits on the coverage of *habilitative services* that are less favorable than any limits on the coverage of *rehabilitative services*.

HHS established a uniform definition of *habilitative services and devices* to help clarify the difference between *rehabilitative and habilitative services and devices*. The adoption of this new definition was effective for plan years beginning January 1, 2016. HHS additionally has clarified that ACA-compliant plans must impose separate limits on each type of service rather than counting *rehabilitative and habilitative services* toward the same visit limit. The requirement for separate visit limits was effective for plan years beginning January 1, 2017.

The American Medical Association established new Common Procedural Terminology (CPT®) modifiers effective January 1, 2018, to distinguish between *rehabilitative and habilitative services*. *Modifier 96* identifies *habilitative services*; *modifier 97* identifies *rehabilitative services*.

EHB are defined based on *benchmark plans* chosen by each state. If a *benchmark plan* has not determined which services are included in the *rehabilitative and habilitative services and devices* benefit category, the CFR requires health plan issuers to cover *habilitative services* consistent with relevant state guidelines. If the state does not provide guidance, then the CFR requires the issuer to cover *habilitative services* in a manner that is consistent with the federal definition.

Commercial Payment Policy

In addition to the policy, claims payments are subject to other plan requirements for the processing and payment of claims, including, but not limited to, requirements of medical necessity and reasonableness and applicable referral or authorization requirements.

Effective for plan years beginning on or after January 1, 2016, applicable Humana plans in the individual and small group markets recognize the federal definition of *habilitative services and devices* in 45 CFR §156.115(a)(5)(i), which identifies them as:

> "health care services and devices that help a person keep, learn, or improve skills and functioning for daily living (*habilitative services*). Examples include therapy for a child who is not walking or talking at the expected age. These services may include physical and occupational therapy, speech-language pathology and other services for people with disabilities in a variety of inpatient and/or outpatient settings."

Effective for plan years beginning on or after January 1, 2017, applicable Humana plans in the individual and small group markets impose separate limits on *rehabilitative and habilitative services*. If a *benchmark plan* has not determined which services are included in the *rehabilitative and habilitative services* benefit category, Humana plans cover *habilitative services* as specified by any relevant state guidelines. If the state does not provide guidance, then Humana plans cover *habilitative services* in a manner that is consistent with the federal definition that applies for the date of service.

For dates of service from January 1, 2017, through December 31, 2017, providers are encouraged to append *modifier SZ* to procedure codes for *habilitative services* submitted for reimbursement to help distinguish them from *rehabilitative services*.

For dates of service beginning on or after January 1, 2018, providers must append *modifier 96* to procedure codes for *habilitative services* submitted for reimbursement and must append *modifier 97* to procedure codes for *rehabilitative services* submitted for reimbursement.

Definitions of *Italicized* Terms

- ***Benchmark plan***: The health insurance plan that is selected by a state to function as the standardized set of essential health benefits that must be met by an ACA-compliant health insurance plan.
- ***Essential health benefits (EHB)***: The ten categories of covered benefits offered by an ACA-compliant health insurance plan.
- ***Habilitative services (and devices)***: Health care services and devices that help a person keep, learn or improve skills and functioning for daily living. Examples include therapy for a child who isn't walking or talking at the expected age. These services may include physical and occupational therapy, speech-language pathology and other services for people with disabilities in a variety of inpatient and/or outpatient settings.
- ***Modifier SZ***: Habilitative services.
- ***Modifier 96***: Habilitative services.
- ***Modifier 97***: Rehabilitative services.
- ***Rehabilitative services (and devices)***: Health care services and devices that help a person keep, get back or improve skills and functioning for daily living that have been lost or impaired because a person was sick, hurt or disabled. These services may include physical and occupational therapy, speech-language pathology and psychiatric rehabilitation services in a variety of inpatient and/or outpatient settings.

References

- U.S. Government Publishing Office website. Code of Federal Regulations. Title 45, Sections 156.20, 156.100, 156.110 and 156.115. http://www.ecfr.gov.
- U.S. Government Publishing Office website. Federal Register, Vol. 80, No. 39. Department of Health and Human Services. Final Rule CMS–9944–F: Notice of Benefit and Payment Parameters for 2016. https://www.gpo.gov.
- Centers for Medicare & Medicaid Services website. Final HHS Notice of Benefit and Payment Parameters for 2016. https://www.cms.gov.

- Centers for Medicare & Medicaid Services website. Center for Consumer Information and Insurance Oversight. Glossary of Health Coverage and Medical Terms. https://www.cms.gov.
- Centers for Medicare & Medicaid Services website. Center for Consumer Information and Insurance Oversight. Information on Essential Health Benefits (EHB) Benchmark Plans. https://www.cms.gov.
- Centers for Medicare & Medicaid Services HCPCS Level II and associated publications and services.
- American Medical Association's CPT® and associated publications and services.

Note: Links to sources outside of Humana's control are verified at the time of publication. Please report broken links here.