



Related MLN Matters Article #: SE0453

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MMA – Proposed Implementation of the Physician Scarcity Bonus (PSB) and Revision to the Health Professional Shortage Area (HPSA)

Key Words

SE0453, MMA, Physician Scarcity Bonus, Health Professional Shortage Area, HPSA, PSA, CAH

Provider Types Affected

Critical access hospitals (CAHs) located in a designated Physician Scarcity Area (PSA)/HPSA that have elected method II payment

Key Points

- The effective date of the instruction is January 1, 2005.
- The language in SE0453 reflects proposed billing and claims processing guidance consistent with the HPSA and PSA requirements discussed in the Notice of Proposed Rulemaking (NPRM) for the 2005 Physician Fee Schedule (published 8/05/04).
- This language is subject to change consistent with publication of the final rule.
- The Medicare Modernization Act of 2003 (MMA) requires payment of an additional 5% bonus for physician services rendered in a CAH that has elected method II payment and is located in a designated PSA.
- The Centers for Medicare & Medicaid Services (CMS) has issued an NPRM (subject to change depending on the publication of the final rule for the 2005 Physician Fee Schedule) describing how CMS may implement this provision.

Physician Scarcity Area Provision

- Physicians in a designated PSA receive a 5% bonus (on a quarterly basis) in addition to the amount of payment made for services rendered by designated physicians (MMA section 413a).
- The bonus will be based on the **amount actually paid** and on the date of service.

- A single service may be eligible for both the new PSB and the current HPSA bonus payment.
- Payment will be based on the zip code of the location where the service was performed.
- The PSB will only be paid for services within the designated areas for the primary care designations of:
 - General practice (01),
 - Family practice (08),
 - Internal medicine (11) and
 - Obstetrics/Gynecology (16).
- The bonus will also be paid in those areas for all physician provider specialties except:
 - Oral surgery (dentist only) (19),
 - Chiropractic (35),
 - Optometry (41) and
 - Podiatry (48).
- One of the following modifier(s) must accompany the Healthcare Common Procedure Coding System (HCPCS) code to indicate the type of physician:
 - Modifier AG – Primary Physician or
 - Modifier AF – Specialty Physician.
- Also, if the area is considered a PSA, but was designated such after the designated PSA file was created, the CAH should include the AR modifier.
- The CAH should include the AK modifier if the physician is a non-participating physician.

HPSA Provision

- The HPSA bonus payment will automatically be paid in zip code areas that:
 - Fall fully into counties designated as HPSAs;
 - Are considered to fall fully in the county based on a determination of dominance made by the United States Postal Service (USPS), and
 - Fall fully within partial county HPSAs.
- CAHs no longer need to include the QB or QU modifier on claims from these locations to receive the bonus payment for physician services.
- CAHs must still place a HCPCS modifier of QB or QU on the claim if the zip code does not fall within a full county HPSA or fully within a non-full county HPSA in order to receive the bonus.
- They will also need to submit the modifier for new HPSA designations made by the Health Resources and Services Administration (HRSA) throughout the year, and for designated areas not included in the automated file of such designations because of the cutoff date of the data used to create that file.

- If the zip code of the location where the services are provided is not already on the list of zip codes that will automatically receive payment, CAHs are required to use the modifier. CAHs should access the HPSA designations on the CMS web site to identify designations. The bonus will be effective for services rendered on or after the date of designation by HRSA.
- CAHs should investigate the census tract data on the U.S. Census Bureau website (<http://www.census.gov>) to see if they qualify for the HPSA bonus if it cannot be automatically paid.
- If method II payment was selected, the CAH will need to supply their FI with a list of physicians (by specialty) who have reassigned payment to the CAH.
- Intermediaries will pay the bonus on the amount actually paid on a quarterly basis.
- A single service may be eligible for both the HPSA bonus payment and the new physician scarcity bonus.
- Payment will be based on the zip code of the location where the service was performed.
- Psychiatrists providing services in a CAH in a primary medical care HPSA or in a CAH located in a mental health HPSA are eligible to receive bonus payments. They can receive either the primary medical care HPSA bonus or the mental health HPSA bonus, but not both for one service.

Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0453.pdf> on the CMS website.

The updated list of HPSA zip codes can be found at <http://www.cms.hhs.gov/HPSAPSAPhysicianBonuses/> on the CMS website.

CAH staff may wish to review MLN Matters article SE0449, which may be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0449.pdf> on the CMS website. SE0449 contains extensive information on how to determine if an area is an HPSA/PSA.