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**Note:** This article was updated on March 29, 2013, to reflect current Web addresses. All other information remains unchanged.

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

**SPECIAL NOTE:** The language contained in this MLN article reflects proposed billing and claims processing guidance consistent with the Healthcare Professional Shortage Area (HPSA) and Physician Scarcity Area (PSA) requirements discussed in the Notice of Proposed Rulemaking (NPRM) for the 2005 Physician Fee Schedule, which was published on August 5, 2004. This language reflects our current implementation efforts and is subject to change consistent with publication of the final rule. Additional information will be posted when the final rule is published.

### Provider Types Affected

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Critical Access Hospitals (CAHs) located in a designated PSA/HPSA that have elected method II payment

### Provider Action Needed

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#### STOP – Impact to You

Sections 413a and 413b of the Medicare Modernization Act of 2003 (MMA) requires payment of an additional five percent bonus for physician services rendered in a CAH that has elected method II payment and is located in a designated PSA



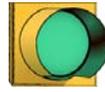
#### CAUTION – What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) has issued an NPRM describing how CMS **may** implement this provision, but the requirements of the

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NPRM are subject to change depending on publication of the final rule for the 2005 Physician Fee Schedule.



### GO – What You Need to Do

Refer to the remainder of this article for how this section of MMA **may be implemented, subject to publication of the final rule for the 2005 Physician Fee Schedule.**

## Background

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CMS has issued an NPRM describing how CMS **may** implement this provision, but the requirements of the NPRM are subject to change depending on publication of the final rule for the 2005 Physician Fee Schedule.

### Physician Scarcity Area Provision

The MMA, section 413a, requires that an additional five percent bonus be paid to physicians in designated PSAs. This bonus is in addition to the amount of payment that would be made for services rendered by designated physicians.

Based on the amount actually paid (not the Medicare approved payment amount for each service) and on date of service, Medicare will pay a five percent physician scarcity bonus on a quarterly basis. A single service may be eligible for both the new physician scarcity bonus and the current HPSA bonus payment. Payment will be based on the zip code of the location where the service was performed.

Also, please note that the physician scarcity bonus will be paid for only the primary care designations of general practice, family practice, internal medicine, and obstetrics/gynecology for services within the designated areas. The bonus will also be paid for services in those areas for all physician provider specialties except the following: oral surgery (dentist only), chiropractic, optometry, and podiatry.

One of the following modifier(s) must accompany the HCPCS code to indicate the type of physician:

- AG – Primary Physician
- AF – Specialty Physician

Also, if the CAH is aware that their area is now considered a PSA, but the area was designated as such after the designated PSA file was created, the CAH should include the AR modifier. The CAH should also include the AK modifier if the physician is a non-participating physician.

### HPSA Provision

Section 413b of the MMA requires that for zip codes that fall fully into counties designated as HPSAs, the HPSA bonus payment will be automatically paid for services rendered in locations with those zip codes. CMS will also automatically pay a bonus for those zip codes that are considered to fall fully in the county based on a determination of dominance made by the United States Postal Service (USPS), and for those

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zip codes that fall fully within partial county HPSAs. CAHs will no longer have to include the QB or QU modifier on claims from these locations to receive the bonus payment for physician services.

For zip codes that do not fall within a full county HPSA or fully within a non-full county HPSA, the CAHs must continue to place a HCPCS modifier of QB or QU on the claim to receive the bonus. In addition, they will need to submit the modifier for new HPSA designations made by the Health Resources and Services Administration (HRSA) throughout the year and for any designated areas not included in the automated file of such designations because of the cutoff date of the data used to create that file.

In brief, the modifier is required only 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 the payment. Designations can be identified by accessing the HPSA designations on the CMS web site. The bonus will be effective for services rendered on or after the date of designation by HRSA.

CAHs are advised to investigate the census tract data on the U.S. Census Bureau website at <http://www.census.gov> to see if they qualify for the HPSA bonus in the event the bonus cannot be paid automatically. Where the CAH has elected method II payment, the CAH will be requested to supply their FI with a list of physicians, by specialty, for all physicians who have reassigned payment to the CAH.

Intermediaries will continue to pay the bonus on the amount actually paid, not the Medicare-approved payment amount for each service, 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. In this case, it would be the location of the CAH or service location.

Psychiatrists who provide services in a CAH in a primary medical care HPSA are eligible to receive bonus payments. Psychiatrists rendering service in a CAH located in a mental health HPSA are also eligible to receive bonus payments. Please note that psychiatrists may receive either the primary medical care HPSA bonus or the mental health HPSA bonus for a service, but they cannot receive both bonuses for one service.

## **Additional Information**

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Note that the physician scarcity bonus will be paid only for primary care designations of General Practice – 01, Family Practice – 08, Internal Medicine – 11, and Obstetrics/Gynecology – 16. In addition, the bonus will be paid for all physician provider specialties, **except for Oral Surgery (dentist only) – 19, Chiropractic – 35, Optometry – 41, and Podiatry – 48.**

*For further reading, CAH staff may wish to review MLN Matters article SE0449, which may be found at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE0449.pdf> on the CMS website.*

*The article accessed at the is directed at physicians, but may be of interest to CAHs as they bill for services of physicians who have reassigned their benefits to the CAH. SE0449 contains extensive information on how to determine if an area is an HPSA/PSA. **As with this article, however, SE0449 states what may happen, but final guidance is dependent on publication of the final rule for the 2005 Physician Fee Schedule.***

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*If you have questions, contact your intermediary at their toll free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.*

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