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## **MMA - Physician Education for the Revisions to the Health Professional Shortage Area (HPSA) Bonus Payment Processes and Implementation of the Physician Scarcity Area (PSA) Bonus Payments**

**Note:** Note: This article was updated on March 29, 2013, to reflect current Web addresses. This article was previously revised on August 1, 2007 to note that effective October 1, 2007, carriers (A/B MACs) will no longer have to maintain a separate website of HPSA designated areas as stated on page 9. Instead, your contractor's website will have links to a CMS website (<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/index.html>) and a Health Resources and Services Administration (HRSA) website (<http://www.bhpr.hrsa.gov/shortage/>) in the Internet. This change will be implemented in CR5625 (<http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1273CP.pdf>). All other information remains unchanged.

### Provider Types Affected

Physicians who provide services in designated HPSAs or in PSAs

### Provider Action Needed



#### **STOP – Impact to You**

Medicare is revising the processes for paying HPSA bonuses and will be implementing the provision of the Medicare Modernization Act (MMA) that authorizes bonus payments for physician services in PSAs. This article conveys information based on the NPRM published on August 5, 2004.

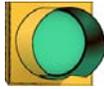


#### **CAUTION – What You Need to Know**

These proposed policies apply to relevant services provided in HPSAs or PSAs on or after January 1, 2005.

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### GO – What You Need to Do

Affected physicians should make sure that their billing staffs are aware of the pending HPSA and PSA bonus payment policy changes and are prepared to bill Medicare in accordance with the final rule, when published, in order to receive the correct bonus payments for services rendered on or after January 1, 2005.

**Understanding the areas that qualify for the bonus payments, knowing when to use related modifiers, and knowing what information is available from your Medicare Carrier are all essential to submitting correct claims.** This article will provide an overview of these requirements.

## Background

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### *PSA Overview*

MMA Section 413(a) requires that a new five-percent bonus payment be established and paid for services rendered by physicians in geographic areas designated as PSAs. Under the NPRM, physician scarcity designations will be based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in every county. In addition, based on rural census tracts of metropolitan statistical areas identified through the latest modification of the Goldsmith Modification (i.e., the Rural-Urban Commuting Area Codes), additional PSAs will be identified based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in each identified rural area.

Medicare will automatically pay this new bonus on a quarterly basis without the need for a modifier on the claim for services provided in zip code areas that:

- Fall fully within a county designated as a PSA; or
- Which partially fall within a county designated as a PSA and are considered to be dominant for that county, based on a determination of the United States Postal Service; or
- Fall within a rural area of a metropolitan statistical area identified through the latest modification of the Goldsmith modification that is determined to be a PSA.

**In some cases, a service may be provided in a county that is considered to be a PSA, but the zip code is not considered to be dominant for that area. In these cases, the bonus payment cannot be made automatically. In order to receive the bonus for such services, physicians will need to include a new modifier of AR to reflect a physician service provided in a PSA.**

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Some key points to remember regarding the PSA bonus are the following:

- Medicare will pay a five-percent PSA bonus on a quarterly basis and the bonus will be based on what Medicare actually paid, not on the Medicare-approved payment amount.
- A single service may be eligible for the PSA bonus and the HPSA bonus, which is discussed later.
- Payment will be based on where the service is performed and not on the address of the beneficiary.
- The PSA bonus will be paid on services rendered on or after January 1, 2005 through December 31, 2007.
- Only the provider designations of General Practice (01), Family Practice (08), Internal Medicine (11), and Obstetrics/Gynecology (16) will be paid the bonus for the zip codes designated as primary care PSAs. All other physician provider specialties will be eligible for the specialty physician scarcity bonus for the zip codes designated as specialty PSAs.
- Dentists, chiropractors, podiatrists, and optometrists are not eligible for the physician scarcity bonus as either primary care or specialty physicians.
- Services submitted with the AR modifier will be subject to validation by Medicare.
- Upon publication of the final rule for the 2005 Medicare Physician Fee Schedule, CMS will post the zip codes that will be eligible for automatic payment of the physician scarcity bonus on its website.

### *HPSA Overview*

MMA Section 413(b) requires CMS to revise some of the policies that address HPSA bonus payments.

Section 1833(m) of the Social Security Act provides bonus payments for physicians who furnish medical care services in geographic areas that are designated by the HRSA as primary medical care HPSAs under section 332 (a)(1)(A) of the Public Health Service (PHS) Act.

In addition, for claims with dates of service on or after July 1, 2004, psychiatrists (provider specialty 26) furnishing services in mental health HPSAs are also eligible to receive bonus payments. But keep in mind that if a zip code falls within both a primary care and mental health HPSA, only one bonus will be paid on the service.

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### MMA Changes

Effective January 1, 2005, you no longer have to include the QB (physician providing a service in a rural HPSA) or QU (physician providing a service in an urban HPSA) modifier on claims to receive your HPSA bonus payment, which will be paid to you automatically, if you provide care in zip code areas that either:

- Fall entirely in a county designated as a full-county HPSA; or
- Fall entirely within the county, through a USPS determination of dominance; or
- Fall entirely within a partial county HPSA.

However, if you provide care in zip code areas that do not fall entirely within a full county HPSA or partial county HPSA, you must continue to enter either the QB or QU modifier on your claim to receive the bonus. The following are the specific instances in which you will need to enter a modifier:

- When you provide services in zip code areas that do not fall entirely within a designated full county HPSA bonus area;
- When you provide services in a zip code area that falls partially within a full county HPSA but is **not** considered to be in that county based on the USPS dominance decision;
- When you provide services in a zip code area that falls partially within a non-full county HPSA;
- When you provide services in a zip code area that was not included in the automated file of HPSA areas based on the date of the data run used to create the file.

To determine if you qualify to automatically receive the bonus payment, you can review the information provided on the CMS website. If the zip code of the location where you render services does not appear there, you should check your carrier's website for HPSA designations to determine if the location where you render services is within a HPSA bonus area, but still requires the submission of a modifier. More information on these Web aids will be provided in the *Additional Information* section of this article.

Some points to remember include the following:

- Medicare Carriers will continue to base your bonus on the amount you are actually paid (not the Medicare approved payment amount for each service) and will pay you the ten-percent bonus on a quarterly basis.
- The HPSA bonus pertains only to physician's professional services. Should you bill for a service that has both a professional and technical component, only the professional component will receive the bonus payment.

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- The key to eligibility is not that your beneficiary lives in an HPSA nor that your office or primary location is in an HPSA, but rather that you actually render the service in an HPSA.
- A single service may be eligible for both the HPSA bonus payments and the new physician scarcity bonus.
- To be considered for the bonus payment, you must include the name, address, and zip code of the location where the service was rendered on all electronic and paper claim submissions.
- Physicians must verify the eligibility of their area for a bonus with their carrier before submitting services with a HPSA modifier for areas they think may still require the submission of a modifier to receive the bonus payment.
- Services submitted with the QB or QU modifier will be subject to validation by Medicare.

### Additional Information

CMS will make substantial revisions to Section 90 of Chapter 12 of the *Medicare Claims Processing Manual*. An official Change Request (CR) will be released at a later date. We will provide instructions later on how to access that CR, but key revisions/additions that are proposed, based on the NPRM are listed as follows:

#### *HPSA Designations*

Effective January 1, 2005, payment files for the automated payment of the HPSA bonus payment will be developed and updated annually. Once the annual designations are made, no interim changes will be made to the automated payment files to account for HPSA updates to designations throughout the year. New designations and withdrawals of HPSA designations during a calendar year will be included in the next annual update.

For newly designated HPSA areas (those added during the year), physicians will be able to receive the bonus by self-designating through the use of the QB or QU modifier. They will also need to submit the modifier for any designated areas not included in the automated file due to the cut off date of the data used. This will only be necessary if the zip code of where they provide their service is not already on the list of zip codes that will automatically receive the bonus payment. Physicians must not continue to self-designate through the use of the modifiers for HPSA designations that are withdrawn during the year, but are not part of the automated files.

Prior to the beginning of each calendar year beginning with 2005, CMS will post on its website zip codes that are eligible to automatically receive the bonus payment as well as information on how to determine when the modifier is needed to receive the bonus payment. Through regularly scheduled bulletins and listservs, carriers

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must notify all physicians to verify their zip code eligibility via the CMS website for the area where they provide physician services.

To determine whether a modifier is needed, physicians must review the information provided on the CMS website for HPSA designations to determine if the location where they render services is, indeed, within a HPSA bonus area. Physicians may also base the determinations on letters of designations received from HRSA. They must be prepared to provide these letters as documentation upon the request of the carrier and should verify the eligibility of their area for a bonus with their carrier before submitting services with a HPSA modifier.

### *Census Tract Information Available for Areas that are not Automatically Paid*

For services rendered in zip code areas that cannot automatically receive the bonus, it will be necessary to know the census tract of the area to determine if a bonus should be paid and a modifier submitted. Census tract information may be found on the Federal Financial Institutions Examination Council's website at <http://www.ffiec.gov/geocode/default.htm> on the Internet. Census tract data can also be retrieved by visiting the U.S. Census Bureau website at <http://www.census.gov> on the Internet. Once the website is accessed follow the following steps:

1. Click on American Fact Finder from the list on the left side of the screen.
2. In the Search box on the left side of the screen, mark "geography" and enter "1990 census" and click GO.
3. Click on "Show more selection methods and more geographic types."
4. Click on the MAP tab.
5. Under "Select a year and program" select "1990 Decennial Census."
6. Under "Select an option, then click on the map," click on the "Select" button and from the drop down menu, select "Census Tract." DO NOT CLICK ON THE MAP.
7. Scroll down the page to: "To reposition the map" and enter the address for which you want to determine the census tract.
8. The map will show the street and the census tract number will be in dark gold.

Once the census tract is identified, the CMS website must be accessed to determine if the census tract where the service was rendered is in an eligible HPSA. Neither CMS nor the Medicare Carriers can provide information on the functionality of these websites.

### *Services Eligible for HPSA and Physician Scarcity Bonus Payments* **Information in the Professional Component/Technical Component (PC/TC) Indicator Field of the Medicare Physician Fee Schedule Database**

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Carriers use the information in the Professional Component/Technical Component (PC/TC) indicator field of the Medicare Physician Fee Schedule Database to identify professional services eligible for HPSA and physician scarcity bonus payments. The following are the rules to apply in determining whether to pay the bonus on services furnished within a geographic HPSA or physician scarcity bonus area.

PC/TC Indicator	Bonus Payment Policy
0	Pay bonus
1	Globally billed. Only the professional component of this service qualifies for the bonus payment. The bonus cannot be paid on the technical component of globally billed services. ACTION: Carriers return the service as unprocessable and notify the physician that the professional component must be re-billed if it is performed within a qualifying bonus area. If the technical component is the only component of the service that was performed in the bonus area, there wouldn't be a qualifying service.
1	Professional Component (modifier 26). Carriers pay the bonus.
1	Technical Component (modifier TC). Carriers do not pay the bonus.
2	Professional Component only. Carriers pay the bonus.
3	Technical Component only. Carriers do not pay the bonus.
4	Global test only. Only the professional component of this service qualifies for the bonus payment. ACTION: Carriers return the service as unprocessable. They instruct the provider to re-bill the service as separate professional and technical component procedure codes.
5	Incident to codes. Carriers do not pay the bonus.
6	Laboratory physician interpretation codes. Carriers pay the bonus.
7	Physical therapy service. Carriers do not pay the bonus.
8	Physician interpretation codes. Carriers pay the bonus.
9	Concept of PC/TC does not apply. Carriers do not pay the bonus.

**NOTE:** Codes that have a status of "X" on the Medicare Physician Fee Schedule Database (MFSDB) have been assigned PC/TC indicator 9 and are not considered physician services for MFSDB payment purposes. Therefore, neither the HPSA bonus payment nor the PSA bonus payment will be paid for these codes.

***Anesthesia Codes (CPT Codes 00100 Through 01999) That Do Not Appear on the Medicare Fee Schedule Data Base (MFSDB)***

Anesthesia codes (CPT codes 00100 through 01999) do not appear on the MFSDB. When a medically necessary anesthesia service is furnished within a HPSA or physician scarcity area by a physician, a HPSA bonus and/or PSA bonus is payable.

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### *Billing and Payment in a Physician Scarcity Area (PSA)*

Section 413a of the MMA requires that a new 5% bonus payment be established for physicians in designated PSAs. Physician scarcity designations will be based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in every county. In addition, based on rural census tracts of metropolitan statistical areas identified through the latest modification of the Goldsmith Modification (i.e., Rural-Urban Commuting Area Codes), additional PSAs will be identified based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in each identified rural area.

### *Claims Coding Requirements for the Physician Scarcity Bonus*

Medicare will automatically pay the physician scarcity bonus on a quarterly basis for services provided in zip code areas that fully fall within a county designated as a PSA, partially fall within a county designated as a PSA and are considered to be dominant for that county based on a determination by the United States Postal Service (USPS), or fall within a rural area identified through the latest modification of the Goldsmith Modification that is determined to be a PSA.

In some cases, a service may be provided in a county that is considered to be a PSA, but the zip code is not considered to be dominant for that area. The bonus payment cannot automatically be made. In order to receive the bonus for those areas, physicians must include the following modifier on the claim: AR - Physician providing service in a Physician Scarcity Area.

### *National Standard Format (NSF) Claims*

For NSF electronic claims (for all places of service other than "home," or other than the place of service (POS) codes that are treated as "home"), in order to be considered for the HPSA and/or PSA bonus, physicians must enter the address and zip code of where the service was provided in the EA1-10.0 record. Physicians should check with their carrier to determine which POS codes their carrier treats as "home."

### *Administrative and Judicial Review*

Per section 413(b)(1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, there will be no administrative or judicial review respecting:

- The identification of a county or area;
- The assignment of a specialty of any physician;
- The assignment of a physician to a county; or
- The assignment of a postal zip code to a county or other area.

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### *Provider Education*

Upon publication of the final rule of the 2005 Medicare Physician Fee Schedule, CMS will post on its website zip codes that are eligible for automatic payment of the PSA bonus payment.

### *Web Aids*

As mentioned earlier, CMS and the carriers will have Web aids to assist physicians with these changes.

The CMS Web page will be found at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/index.html> /[HPSAPSAPhysicianBonuses/](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/) on the CMS website. It will be operational on or about October 1, 2004. This page will provide lists of zip codes automatically eligible to receive the HPSA payment. One list will be for geographic primary medical care HPSAs and one list will be for mental health HPSAs. Neither the QB nor QU modifier will need to be included on the claim to receive the bonus for services rendered in those zip codes. To determine if a zip code that is not on this list is still eligible for a bonus, you must check your carrier's Web page. Links to those Web pages will be provided. You will then need to submit one of the modifiers with those services in order to receive the bonus.

Upon publication of the final rule for the 2005 Medicare Physician Fee Schedule, the CMS Web page will also have lists of zip codes automatically eligible to receive the PSA bonus. One list will be for primary care physicians and one list will be for specialty care physicians. If a ZIP code of the location where you are providing services not appear on the appropriate list, you must then check the PSA county list. If you provide services in one of the designated counties, but your ZIP code is not on the list, you will need to submit the AR modifier with the claim in order to receive the bonus.

Each carrier will:

1. Post a Web page on their site dedicated to HPSA designations (which will be operational on or about October 1, 2004); ( See Note above.)
2. Include on that Web page a listing of all designated HPSA areas, including on a quarterly basis those that are newly-designated or withdrawn during the year; and
3. Include a link to the CMS HPSA/PSA website.

If you have any questions, please contact your carrier 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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