



HEALTH PROFESSIONAL SHORTAGE AREA PHYSICIAN BONUS PROGRAM

The Hyperlink Table, at the end of this document, gives the complete URL for each hyperlink.

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Updates

Note: No substantive content updates.

Introduction

This fact sheet explains how the Medicare Health Professional Shortage Area (HPSA) Physician Bonus Program works. It has information about how to get bonus payments when you deliver Medicare-covered services to patients in a geographic HPSA.

Overview

HPSAs are geographic areas of populations that lack enough health care providers to meet the health care needs of that population. HPSAs identify areas of greater need throughout the United States (U.S.) so resources can go to those areas.

The Health Resources and Services Administration (HRSA) designates primary care and mental health areas as HPSAs based on census tracts, townships, or counties. The Medicare HPSA Physician Bonus Program includes only geographic primary care and mental health HPSAs.

CMS pays mental health HPSA bonuses when delivered by any psychiatry provider specialty.

The Centers for Medicare & Medicaid Services (CMS) pays a 10 percent bonus when you deliver Medicare-covered services to patients in a geographic HPSA. CMS pays the bonus quarterly based on the amount paid for professional services.

- When you deliver services to Medicare patients in areas designated as primary care geographic HPSAs by HRSA as of December 31 of the prior year, you are eligible for the Medicare HPSA bonus during the current year.
- If an area does not have a geographic primary care HPSA designation but has a geographic mental health HPSA designation, only psychiatrists who deliver services to Medicare patients in the designated area are eligible for the 10 percent bonus.
- CMS pays only one HPSA bonus if an area has both a primary care and a mental health geographic HPSA designation.

Physicians, psychiatrists, and primary care HPSA who deliver inpatient and/or outpatient care in a Critical Access Hospital (CAH) within a geographic-based mental health HPSA are eligible for a 10 percent HPSA bonus payment.

If you reassign your billing rights and the CAH elects the Optional Payment Method, it gets 115 percent of the otherwise applicable Medicare Physician Fee Schedule amount multiplied by 110 percent, based on all claims processed during the quarter. Refer to [Medicare Claims Processing Manual, Chapter 4](#) for more information about CAH billing.

The [HRSA Shortage Designation](#) webpage has information about primary medical care and mental health HPSA designation criteria and guidelines.

Payment

When you deliver services to Medicare patients in a ZIP code eligible for automatic HPSA bonus payment, the HPSA physician automatically gets a bonus payment. CMS updates this list annually and it is effective for services delivered on and after January 1 of each calendar year.

- If you deliver services to Medicare patients in a geographic HPSA not on the automatic payment ZIP code list, use the AQ modifier, “Physician providing a service in an unlisted Health Professional Shortage Area (HPSA),” on the claim to get the bonus payment.
- Medicare validates services submitted with the AQ modifier. Use the modifier only for services delivered to a Medicare patient in a geographic primary care HPSA (or a mental health geographic HPSA for psychiatrists) as of December 31 of the prior year.

An area may be eligible for the HPSA bonus payment, but the ZIP code may not be on the list because:

1. It does not fall entirely within a designated full county HPSA bonus area
2. It does not fall within the county based on U.S. Postal Service determination
3. It is partially within a non-full county HPSA
4. Services are delivered in a ZIP code not included in the automated file of HPSA areas based on the date of the data

For ZIP codes not on the automated payment list, refer to the [Medicare Physician Bonus Payment Eligibility Analyzer](#) to determine if an area is in a geographic-based primary care or mental health HPSA.

Key Takeaways

- HPSAs are geographic areas of populations that lack enough health care providers to meet the health care needs of that population.
- CMS pays a 10 percent bonus payment when health care providers deliver Medicare-covered services to patients in a geographic HPSA.
- CMS pays HPSA bonuses quarterly based on the amount paid for professional services.

Resources

Table 1. HPSA Physician Bonus Program Resources

Resource	Website
2020 Annual Update for the Health Professional Shortage Area (HPSA) Bonus Payments	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM11437.pdf
HRSA Defining Rural Populations	HRSA.gov/rural-health/about-us/definition
HPSA Physician Bonus Program	CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf#page=104 CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses
Shortage Areas	Data.hrsa.gov/topics/health-workforce/shortage-areas

Table 2. Hyperlink Table

Embedded Hyperlink	Complete URL
Medicare Claims Processing Manual, Chapter 4	https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf
HRSA Shortage Designation	https://bhw.hrsa.gov/workforce-shortage-areas/shortage-designation
Medicare Physician Bonus Payment Eligibility Analyzer	https://data.hrsa.gov/tools/medicare/physician-bonus

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