

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 2914</b>	<b>Date: March 25, 2014</b>
	<b>Change Request 8608</b>

**Transmittal 2890, dated February 28, 2014, is being rescinded and replaced by Transmittal 2914, dated March 25, 2014, to remove language that references the HPSA quarterly report. All other information remains the same.**

**SUBJECT: Health Professional Shortage Area (HPSA) Post-payment Review Process**

**I. SUMMARY OF CHANGES:** This CR adds information on the post-payment review process for the HPSA bonus that was previously confidential to the internet only manual (IOM).

**EFFECTIVE DATE: March 31, 2014**

**IMPLEMENTATION DATE: March 31, 2014**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	12/90.4.7/ Post-payment Review

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Business Requirements  
Manual Instruction**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 2914	Date: March 25, 2014	Change Request: 8608
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**SUBJECT: Health Professional Shortage Area (HPSA) Post-payment Review Process**

**EFFECTIVE DATE: March 31, 2014**

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## I. GENERAL INFORMATION

**A. Background:** The Health Professional Shortage Area (HPSA) incentive payment for Medicare claims is based upon whether a physician provides services in an area that has been designated as a primary medical care geographic HPSA or a mental health HPSA. CR 3401 and, subsequently, CR 4068 removed information on the post-payment review process of the HPSA bonuses from the Medicare Claims Processing Manual (Pub. 100-04) and made it confidential. The post-payment review process is no longer confidential and this CR will manualize that process.

**B. Policy:** The HPSA bonus payment is mandated by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
8608.1	Effective for claims with dates of service on or after January 1, 2006, contractors shall only include services paid with the AQ modifier for post-payment HPSA review.		X							
8608.1.1	Effective for claims with dates of service on or after January 1, 2009, contractors shall only pay bonuses for services submitted with the AQ modifier when the area in which the service was rendered was designated as a HPSA as of December 31 of the prior year.		X							
8608.1.2	Contractors shall not include services with bonuses that were automatically paid based on the ZIP code for the HPSA post-payment review process.		X							

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	
8608.1.3	At their discretion, contractors shall perform any additional post-payment review they deem necessary related to services that received a HPSA bonus payment.		X						
8608.2	Contractors shall array each list of physicians by the total amount of incentive payments received.		X						
8608.2.1	Contractors shall select the 25 percent of physicians on each list who received the highest payments.		X						
8608.2.2	Contractors shall review a sample of 5 claims by each physician on each list.		X						
8608.2.2.1	If the physician provided services in a variety of settings (e.g., office, hospital, patient's home), contractors shall select sample claims representing different types of settings.		X						
8608.3	After the first quarter of the year, contractors shall repeat the basic selection process in subsequent quarters; that is, review a 5-claim sample from the 25 percent of physicians who received incentive payments on each arrayed quarterly list.		X						
8608.3.1	Contractors shall skip physicians appearing higher on the list who were reviewed in an earlier quarter (within the current year) and were found to be in compliance.		X						
8608.3.2	Contractors shall not review a compliant physician for more than one quarter within the same calendar year.		X						
8608.4	Contractors shall review the selected claims to verify that the place where the service was rendered was actually in a HPSA bonus area.		X						
8608.4.1	Should contractors determine from the sample that the claims should not have received a HPSA bonus, they shall perform a complete review of all of the physician's claims submitted with the AQ modifier.		X						
8608.4.2	Contractors shall continue to review all claims submitted with the AQ modifier from the non-compliant physician until such time as claims are found to be in compliance.		X						

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
8608.5	Effective for claims with dates of service on or after July 1, 2004, contractors shall review any services selected as part of the 25% sample to verify that they were provided in a mental health HPSA by the physician specialty of 26, psychiatry.		X							
8608.6	Effective for claims with dates of service on or after January 1, 2005, contractors shall use the designations on the HRSA Web site to verify that the services were provided in a HPSA.		X							
8608.6.1	Contractors shall also accept designation letters from HRSA that may be provided to them by physicians as appropriate documentation to determine HPSA areas eligible for the bonus payment.		X							
8608.7	Effective for claims with dates of service on or after January 1, 2009, for Medicare bonus payment purposes, contractors shall only consider services eligible for bonuses if the area was designated as a HPSA as of December 31 of the prior year.		X							
8608.8	Should contractors find that any of the claims should not have been paid the bonus based on the modifier for the HPSA incentive payment, they shall calculate and pursue the amount of any overpayment. Bonuses paid based on the automated ZIP code files are to be considered valid for the entire calendar year, regardless of whether a HPSA designation represented by a particular ZIP code is withdrawn during the year.		X							
8608.9	Contractors shall contact the physician and his/her billing staff to resolve any discrepancies and correct any misunderstandings about the incentive programs.		X							
8608.10	Contractors shall refer unresolved discrepancies to the CMS regional office for possible sanctions.		X							
8608.11	For the HPSA bonus, contractors shall transmit findings via CROWD (Form 1565E) to central office no later than the 75th day following the close of the CROWD reporting quarter.		X							

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	H H H		
	None					

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Chanelle Jones, chanelle.jones@cms.hhs.gov, Leslie Trazzi, leslie.trazzi@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

### VI. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

## **90.4.7 – Post-payment Review**

**(Rev.2914, Issued: 03-25-14, Effective: 03-31-14, Implementation: 03-31- 14)**

On a post-payment basis, services submitted with the QB or QU modifier, or the AQ modifier for claims with dates of service on or after January 1, 2006, will be subject to validation.

*Effective for claims with the dates of service on or after January 1, 2005, the date of the HPSA designation or withdrawal on the HRSA Web site or the date of designation or withdrawal in notification letters from HRSA are used as the effective date for paying the HPSA bonus.*

*Effective for claims with dates of service on or after January 1, 2006, A/B MAC Part B contractors shall only include services paid with the AQ modifier for post-payment HPSA review. Services with bonuses that were automatically paid based on the ZIP code for the HPSA post-payment review process shall not be included. Additional post-payment will be conducted at the contractor's discretion. Effective for claims with dates of service on or after January 1, 2009, for Medicare bonus payment purposes, A/B MAC Part B contractors shall only consider services eligible for bonuses if the area was designated as a HPSA as of December 31 of the prior year.*

*The post-payment review will be conducted each quarter as follows:*

- Array each list of physicians by the total amount of incentive payments received.*
- Select the 25 percent of physicians on each list who received the highest payments.*
- Review a sample of 5 claims by each physician on each list (ensure the sample is representative of different types of settings, if applicable).*
- The findings must be transmitted via CROWD (Form 1565E) to central office no later than the 75<sup>th</sup> day following the close of the CROWD reporting quarter.*

*Physicians who appear on a list, were previously reviewed, and subsequently found to be in compliance shall be excluded from the current reporting. The 5 claim sample shall be reviewed to ensure the place of service was actually in a HPSA bonus area. In addition, effective for claims with dates of service on or after July 1, 2004, services selected as part of the 25% sample will be verified that they were provided in a mental health HPSA by the physician specialty of 26, psychiatry.*

*Once a physician has incorrectly claimed incentive payments, the A/B MAC Part B contractors shall continue to monitor the physician's claims until they are found to be in compliance.*

*The designations on the HRSA Web site and HRSA letters can be used to verify that services were provided in a HPSA. Physicians are permitted to submit copies of HRSA designation letters as appropriate documentation to their Medicare Administrative Contractor.*

*If it is determined that a HPSA bonus was paid in error, the A/B MAC Part B contractor will pursue the amount of any overpayment by directly contacting the physician and his/her billing staff. For Medicare HPSA bonus payment purposes, designations are valid for the entire calendar year regardless of whether the HPSA designation is withdrawn by the HRSA during that year.*