

<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 2040</b>	<b>Date: AUGUST 27, 2010</b>
	<b>Change Request 7063</b>

**NOTE: This Transmittal is no longer sensitive and is being re-communicated November 17, 2010. The Transmittal Number, date of Transmittal and all other information remain the same. This instruction may now be posted to the Internet.**

**SUBJECT: Section 5501(b) Incentive Payment Program for Major Surgical Procedures Furnished in Health Professional Shortage Areas of the Affordable Care Act (ACA)**

**I. SUMMARY OF CHANGES:** Section 5501(b) of the Affordable Care Act revises Section 1833(m) of the Act and authorizes an incentive payment program for major surgical services furnished by general surgeons in Health Professional Shortage Areas (HPSAs). The section indicates that there also shall be paid (on a monthly or quarterly basis) an amount equal to 10 percent of the payment for physicians' professional services under Part B.

**EFFECTIVE DATE: January 1, 2011 and April 4, 2011**

**IMPLEMENTATION DATE: This Change Request will be implemented over two releases – the January 3, 2011 release will implement the claim identification of the incentive and the April 4, 2011 release is for full implementation of the instructions.**

*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>
<b>R</b>	12/Table of Contents
<b>R</b>	12/90.4.4/Payment
<b>N</b>	12/90.4.11/Health Professional Shortage Areas (HPSA) Surgical Incentive Payment Program (HSIP) for Surgical Services Rendered in HPSAs
<b>N</b>	12/90.4.11.1/Overview of the HSIP
<b>N</b>	12/90.4.11.2/HPSA Identification
<b>N</b>	12/90.4.11.3/Coordination with Other Payments
<b>N</b>	12/90.4.11.4/General Surgeon and Surgical Procedure Identification for Professional Services Paid Under the Physician Fee Schedule (PFS)
<b>N</b>	12/90.4.11.5/Claims Processing and Payment

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**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 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.

**IV. ATTACHMENTS:**

**Business Requirements**

**Manual Instruction**

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

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 2040	Date: August 27, 2010	Change Request: 7063
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**SUBJECT: Section 5501(b) Incentive Payment Program for Major Surgical Procedures Furnished in Health Professional Shortage Areas under the Affordable Care Act (ACA)**

**Effective Date: January 1, 2011 and April 4, 2011**

**Implementation Date: This Change Request will be implemented over two releases – the January 3, 2011 release will implement the claim identification of the incentive and the April 4, 2011 release is for full implementation of the instructions.**

## **I. GENERAL INFORMATION**

**A. Background:** Section 5501(b) of the ACA revises Section 1833(m) of the Social Security Act (the Act) and authorizes an incentive payment program for major surgical services furnished by general surgeons in Health Professional Shortage Areas (HPSAs). The section indicates that there also shall be paid (on a monthly or quarterly basis) an amount equal to 10 percent of the payment for physicians' professional services under Part B.

**NOTE:** The new HPSA Surgical Incentive Payment Program (HSIP) and the new Primary Care Incentive Payment Program (PCIP) will be implemented in conjunction with one another for CY 2011. Change Request (CR) 7060 gives specific requirements for the PCIP.

The former "special HPSA remittance" will now be known as the "special incentive remittance."

Business requirements for the actions and costs associated with expanding and revising the indicators and expanding the special incentive remittance for both the HSIP and PCIP (plus requirements for HIGLAS) are included in this CR.

**B. Policy:** The incentive payment applies to surgical procedures that are defined as 10 - and 90 - day global procedures under the Physician Fee Schedule (PFS) and furnished on or after January 1, 2011, and before January 1, 2016, by an 02-general surgeon in an area designated as a HPSA.

### **HPSA Surgical Incentive Payment Program (HSIP)**

For services furnished on or after January 1, 2011, and before January 1, 2016, a 10 percent incentive payment is paid to general surgeons, identified by their enrollment in Medicare with a primary specialty code of 02 - general surgery. HSIP payments are in addition to the amount they would otherwise be paid for their professional services under Part B, when they furnish a 10 - or 90 - day global surgical procedure in an area designated by the Secretary as of December 31 of the prior year as a HPSA.

To be consistent with the Medicare HPSA physician bonus program, HSIP payments are calculated by Medicare contractors based on the identification criteria for payment discussed below and paid on a quarterly basis on behalf of the qualifying general surgeon for the qualifying surgical procedures. The surgeons' professional services are paid under the PFS based on claims for professional services.

### **Identification**

Qualifying general surgeons are identified on a claim in the incentive payment program year for a major surgical procedure based on the primary specialty of the rendering physician, identified by his or her National Provider Identifier (NPI), of 02 - general surgery. If the claim is submitted by a physician group or practice, the rendering physician's NPI must be included on the line-item for the 10 - or 90 - day global surgical procedure in order for a determination to be made regarding whether or not the procedure is eligible for payment under the HSIP. The eligible surgical procedure codes for the incentive payment year are included in Addendum B: "Relative Value Units and Related Information Used in Determining Medicare Payments" to the Medicare Physician Fee Schedule final rule for the applicable year.

For HSIP payments to be applicable, the 10 - or 90 - day global surgical procedure must be furnished in an area designated by the Secretary as of December 31 of the prior year as a HPSA. Each year, a list of ZIP codes eligible for automatic payment for the HPSA physician bonus is published. This list of ZIP codes is also utilized for automatic payments of the incentive payment for eligible services furnished by general surgeons. Modifier -AQ is used to identify circumstances when general surgeons furnish services in areas that are designated HPSAs as of December 31 of the prior year, but that are not on the list of ZIP codes eligible for automatic payment. Modifier -AQ should be appended to the 10 - or 90 - day global surgical procedure on claims submitted for payment, similar to the current process for payment of the Medicare HPSA physician bonus when the HPSA is not a HPSA identified for automatic payment.

### **Coordination with Other Payments**

We further note that Section 5501(b)(4) of the Affordable Care Act provides payment under the HSIP as an additional payment amount for specified surgical services without regard to any additional payment for the service under Section 1833(m) of the Act. Therefore, a general surgeon may receive both a HPSA physician bonus payment and an HSIP payment under the new program beginning in CY 2011.

**NOTE:** The current HPSA physician bonus program requirements for contractors will remain intact. The additions mentioned in the requirements below are for the HSIP and are based on the ACA. Contractors are to continue their current processes for HPSA physician bonus payments and apply additional payments only for those general surgeons furnishing 10 - or 90 - day global surgical procedures in HPSAs, as of December 31<sup>st</sup> of the prior year, where those HPSAs are identified for automatic payment or where the surgical procedure is appended with modifier -AQ.

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7063.1	Effective for 10 - or 90 - day global surgical procedures performed on or after January 1, 2011 through December 31, 2015 in HPSAs, contractors shall calculate and pay general surgeons (provider specialty 02) an additional 10 percent incentive payment.	X			X			X			
7063.1.1	Contractors shall code their systems to be able to extend the end date of the program, if required, in a manner requiring the least amount of effort as possible.	X			X			X			
7063.1.2	Contractors shall calculate the incentive payment based on the amount actually paid for the service, not the Medicare approved amount.	X			X			X			
70631.3	Per the Medicare Physician Fee Schedule, contractors shall identify only eligible services (those with a 10 - or 90 - day global period) rendered by specialty 02 providers in eligible ZIP code areas based on the HPSA physician bonus program ZIP code file for the appropriate date of service and provide the HSIP payment for those services.	X			X			X			
7063.2	Contractors shall combine the additional HSIP payment with the HPSA physician bonus when applicable.	X			X			X			
7063.3	Contractors shall accept 10 - or 90 - day global surgical procedures submitted with modifier -AQ.	X			X			X		X	
7063.3.1	Contractors shall pay the incentive payment for eligible procedures to general surgeons when those procedures are submitted with modifier -AQ.	X			X			X			
7063.4	Contractors shall revise the special incentive remittance that is forwarded with the incentive check so that physicians can identify which type of incentive payment (HPSA physician, HSIP, or PCIP) was paid for which service.	X			X			X			
7063.5	The contractor system shall be modified to accept the new HSIP and PCIP indicators on the claim line.									X	NCH
7063.5.1	Once the type of incentives have been identified by the shared systems, the shared system shall transmit the HPSA/PSA/HSIP/PCIP indicator to CWF and modify their systems to set the indicator on the claim line as follows:  1 = HPSA 2 = PSA							X			

	3 = HPSA and PSA 4 = HSIP 5 = HPSA and HSIP 6 = PCIP 7 = HPSA and PCIP Space = Not Applicable														
7063.6	The contractor shared system shall send the HIGLAS 810 invoice for incentive payments including the new HSIP and PCIP payments.									X					
7063.7	The contractor shall combine the provider's HPSA physician, PSA (if it should become available again at a later date), HSIP, and PCIP payments into one incentive invoice per provider.									X					
7063.8	The contractor shared system shall receive the HIGLAS 835 payment file from HIGLAS showing a single incentive payment per provider.	X				X				X					
7063.9	When this instruction is no longer sensitive, contractors shall add a link on their web sites in order to direct physicians to the CMS web site that identifies zip codes eligible for automatic HSIP payment as follows:  <a href="http://www.cms.gov/HPSAPSAPhysicianBonuses/01_o_verview.asp">http://www.cms.gov/HPSAPSAPhysicianBonuses/01_o_verview.asp</a>	X				X									

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER	
		M A C	M A C				F I S	M C S	V M S	C W F		
7063.10	When this instruction is no longer sensitive/controversial, a provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X				X						

#### IV. SUPPORTING INFORMATION

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

X-Ref Requirement Number	Recommendations or other supporting information:
	CR7060 – Primary Care Incentive Payment Program

**Section B: For all other recommendations and supporting information, use this space: N/A**

#### V. CONTACTS

**Pre-Implementation Contact(s):** For payment policy issues, please contact Stephanie Frilling at (410) 786-4507 or [Stephanie.Frilling@cms.hhs.gov](mailto:Stephanie.Frilling@cms.hhs.gov) and Gaysha Brooks at (410) 786-9649 or [Gaysha.Brooks@cms.hhs.gov](mailto:Gaysha.Brooks@cms.hhs.gov)

For claims processing related issues, please contact Yvette Cousar at (410) 786-2160 or [Yvette.Cousar@cms.hhs.gov](mailto:Yvette.Cousar@cms.hhs.gov).

**Post-Implementation Contact(s):** Appropriate RO or Contractor Manager

#### VI. FUNDING

**Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carriers*:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: 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 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.

# **Medicare Claims Processing Manual**

## **Chapter 12 - Physicians/Nonphysician Practitioners**

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#### **90.4.4 - Payment**

*(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)*

The incentive payment is 10 percent of the amount actually paid, **not** the approved amount. *Contractors* pay the incentive payment for services identified on either assigned or unassigned claims.

They do not include the incentive payment with each claim payment. *Contractors* should:

- Establish a quarterly schedule for issuing incentive payments. These payments are taxable and must be reported to the IRS; and
- Prepare a *special incentive remittance* to accompany each payment. Include a line-item for each assigned claim represented in the incentive check and a “summary” item showing the number of unassigned claims represented. *Claims should be identified as HPSA physician, Scarcity, HSIP and/or PCIP in the summary.* The sum of the line-items and the “summary” item should equal the amount of the check.

#### **90.4.11 - Health Professional Shortage Areas (HPSA) Surgical Incentive Payment Program (HSIP) for Surgical Services Rendered in HPSAs**

*(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)*

*Section 5501(b) of the Affordable Care Act revises Section 1833(m) of the Act and authorizes a 10 percent incentive payment for 10 - and 90 - day global surgical procedures furnished by 02 – general surgeons in Health Professional Shortage Areas (HPSAs).*

##### **90.4.11.1 - Overview of the HSIP**

*(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)*

*The incentive payment applies to major surgical procedures, that are defined as 10 - and 90 - day global procedures under the Physician Fee Schedule (PFS) and furnished on or after January 1, 2011, and before January 1, 2016, by an 02-general surgeon in an area designated under Section 332(a)(1)(A) of the Public Health Service Act as a HPSA.*

*To be consistent with the Medicare HPSA physician bonus program (Pub. 100-04, Chapter 12, §90.4), HSIP payments are calculated by Medicare contractors on a quarterly basis, on behalf of the qualifying general surgeon, for the qualifying surgical procedures. The surgeons’ professional services are paid under the PFS based on a claim for professional services.*

##### **90.4.11.2 - HPSA Identification**

*(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)*

*For HSIP payments to be applicable, the 10 - or 90 - day global surgical procedure must be furnished in an area designated by the Secretary as of December 31 of the prior year as a HPSA.*

*Each year, a list of ZIP codes eligible for automatic payment of the HSIP incentive payment (and the Medicare HPSA physician bonus program) is published. This list is utilized for automatic payments of the incentive for eligible services furnished by general surgeons. Contractors will use the existing HPSA modifier -AQ, along with the physician specialty (02), to identify circumstances when general surgeons furnish major surgical procedures in areas that are designated as HPSAs as of December 31 of the prior year, but that are not on the list of ZIP codes eligible for automatic payment. Modifier -AQ should be appended to the major surgical procedure on claims submitted for payment under these circumstances.*

### **90.4.11.3 - Coordination with Other Payments**

***(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)***

*Section 5501(b)(4) of the Affordable Care Act provides payment under the HSIP as an additional payment amount for specified surgical services without regard to any additional payment for the service under section 1833(m) of the Act. Therefore, a general surgeon may receive both a HPSA physician bonus payment under the established program, and an HSIP payment under the new program beginning in CY 2011.*

### **90.4.11.4 - General Surgeon and Surgical Procedure Identification for Professional Services Paid Under the Physician Fee Schedule (PFS)**

***(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)***

*Qualifying general surgeons are identified on a claim for a 10 - or 90 - day global surgical procedure based on the primary specialty of the rendering physician, identified by his or her National Provider Identifier (NPI), of 02 – general surgery. If the claim is submitted by a physician group practice, the rendering physician's NPI must be included on the line-item for the qualifying surgical procedure in order for a determination to be made regarding whether or not the procedure is eligible for payment under the HSIP.*

*Eligible surgical procedures are those procedures for which a 10 - or 90 - day global period is used for payment under the PFS. The specific HCPCS procedure codes eligible for the HSIP are identified in column U (global period) of the Physician Fee Schedule Relative Value Update (RVU) file located at: <http://www.cms.gov/PhysicianFeeSched/PFSRVF/list.asp?listpage=4>, with a global period designation of 10 - or 90 - days.*

### **90.4.11.5 - Claims Processing and Payment**

***(Rev. 2040, Issued: 08-27-10, Effective: 01-01-11 and 04-04-11, Implementation: 01-03-11 for the claim identification of the incentive and 04-04-11 for full implementation)***

#### **A. General Overview**

*The HPSA physician bonus program guidelines are contained in Pub. 100-04, Chapter 12, §90.4. Refer to that section for payment and claims processing guidance for the HPSA physician bonus program that was established in 2005. The following guidelines pertain only to the additional 10 percent incentive payment for 10 - or 90 - day global surgical procedures furnished by 02 – general surgeons in HPSAs from January 1, 2011 through December 31, 2015.*

*Contractors shall identify eligible surgical procedures with a 10 - or 90 - day global period rendered in an eligible primary care HPSA zip code area based on the HPSA physician bonus ZIP code file for the appropriate date of service. The HPSAs eligible for automatic payment may be found on the CMS Web site at:*

*[http://www.cms.gov/HPSAPSAPhysicianBonuses/01\\_overview.asp](http://www.cms.gov/HPSAPSAPhysicianBonuses/01_overview.asp).*

*Contractors must also inform eligible practitioners about the use of modifier -AQ on claims for 10 - or 90 - day global surgical procedures that were furnished in HPSAs approved by December 31 of the preceding calendar year, but that are not recognized for automatic payment. The modifier must be appended to the surgical procedure for the service to be eligible for the 10 percent additional HSIP payment.*

#### ***B. Method of Payment***

- Calculate and pay general surgeons an additional 10 percent incentive payment;*
- Calculate the payment based on the amount actually paid for the service, not the Medicare approved amount;*
- Combine the HSIP incentive payments, when appropriate, with other incentive payments, including the HPSA physician bonus payment;*
- Accept and pay the incentive payment for 10 - and 90 - day global period surgical procedures furnished by general surgeons (02) and submitted with the modifier -AQ;*
- Provide a special remittance form that is forwarded with the incentive payment so that physicians and nonphysician practitioners can identify which type of incentive payment (HPSA, HSIP, and/or PCIP) was paid for which services;*
- Use the PLB03 adjustment reason code LE;*
- Add the following message to the incentive checks: This check is for the HPSA, HSIP and/or PCIP. See special remittance for details; and*
- Inform practitioners to contact their contractor with any questions regarding HSIP payments.*

#### ***C. Changes for Contractor Systems***

*The Medicare Carrier System, (MCS), Common Working File (CWF,) and National Claims History (NCH) shall be modified to accept a new incentive HPSA/PSA/HSIP/PCIP payment indicator on the claim line.*

*Once the type of incentive has been identified by the shared systems, the shared system shall transmit the HPSA/PSA/HSIP/PCIP indicator to CWF and modify their systems to set the indicator on the claim line as follows:*

- 1 = HPSA;*
- 2 = PSA;*
- 3 = HPSA and PSA;*
- 4 = HSIP;*
- 5 = HPSA and HSIP;*
- 6 = PCIP;*
- 7 = HPSA and PCIP; and*
- Space = Not Applicable.*

*The contractor shared system shall send the HIGLAS 810 invoice for incentive payment invoices, including the new HSIP payment. The contractor shall also combine the practitioner's HPSA physician bonus, Physician Scarcity (PSA) bonus (if it should become available at a later date), HSIP payment, and/or PCIP payment invoice per practitioner. The contractor shall receive the HIGLAS 835 payment file from HIGLAS showing a single incentive payment per practitioner.*