

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2078	Date: October 28, 2010
	Change Request 7146

NOTE: This transmittal is no longer sensitive and is being re-issued November 16, 2010. The transmittal number, date issued and all other information remain the same. This instruction may now be posted to the Internet.

SUBJECT: Incentive Payment Program for Major Surgical Procedures Furnished in Health Professional Shortage Areas, Section 5501(b) of the Patient Protection and Affordable Care Act (the ACA), and Payments to a Critical Access Hospital (CAH) Paid under the Optional Method

I. SUMMARY OF CHANGES: Section 5501(b) of the Affordable Care Act (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 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: April 1, 2011

IMPLEMENTATION DATE: April 4, 2011

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.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	4/Table of Contents
N	4 / 250.13 / Health Professional Shortage Areas (HPSAs) Surgical Incentive Payment Program (HSIP) for Surgical Services Rendered in Critical Access Hospitals (CAHs) Paid under the Optional Method
N	4 / 250.13.1 / Overview of the HSIP
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N	4 / 250.13.3 / Coordination with Other Payments
N	4 / 250.13.4 / General Surgeon and Surgical Procedure Identification for Professional Services Paid under the Physician Fee Schedule (PFS)
N	4 / 250.13.5 / 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: 2078	Date: October 28, 2010	Change Request: 7146
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SUBJECT: Incentive Payment Program for Major Surgical Procedures Furnished in Health Professional Shortage Areas, Section 5501(b) of the Patient Protection and Affordable Care Act (the ACA), Payment to a Critical Access Hospital (CAH) Paid under the Optional Method

Effective Date: April 1, 2011

Implementation Date: April 4, 2011

I. GENERAL INFORMATION

A. Background: Section 5501(b) of the Affordable Care Act (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 Calendar Year (CY) 2011. Change Request (CR) 7115 gives specific requirements for the PCIP.

The former "Quarterly HPSA and Scarcity Report for Critical Access Hospitals (CAHs)" will now be known as the "Special Incentive Remittance for CAHs." Business requirements for the actions and costs associated with expanding and revising the indicators and expanding the "Special Incentive Remittance for CAHs" for both the HSIP and PCIP (plus requirements for HIGLAS) are included in this CR.

B. Policy: The incentive payment applies to surgical procedures, defined as 10 - and 90 - day global procedures on the Payment Policy Indicator File, that are furnished on or after January 1, 2011 and before January 1, 2016 in an area designated as a HPSA, by an 02-general surgeon who has reassigned their billing rights to a critical access hospital (CAH) paid under the optional method.

HPSA Surgical Incentive Program (HSIP)

For services furnished on or after January 1, 2011 and before January 1, 2016, a 10 percent incentive payment is paid to CAHs on behalf of general surgeons, identified by their enrollment in Medicare with a primary specialty code of 02 - general surgery, 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 to CAHs, on behalf of the qualifying general surgeon for the qualifying surgical procedures.

Identification

Qualifying general surgeons are identified through their enrollment in the Medicare program with a provider specialty of 02 - general surgery. If the claim is submitted by a CAH, the operating physician's NPI must be included on the claim 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.

For HSIP payment 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 under the HSIP program. Contractors will use the existing HPSA modifier (AQ) along with the physician specialty code 02 to identify circumstances when general surgeons furnish services 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 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

Section 5501(b)(4) of the ACA 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.

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 31st of the prior year.

Payment to Critical Access Hospitals

Physicians and nonphysician practitioners billing on type of bill (TOB) 85X for professional services rendered in a CAH paid under the optional method have the option of reassigning their billing rights to the CAH. When the billing rights are reassigned to CAHs paid under the optional method, payment is made for professional services (revenue codes (RC) 96X, 97X or 98X).

For major surgical services furnished on January 1, 2011 and before January 1, 2016, CAHs paid under the optional method shall be paid an additional 10 percent incentive based on the amount actually paid for those services when furnished by general surgeons in HPSAs. Quarterly incentive payments will be made to CAHs paid under the optional method on behalf of physicians.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)
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		A / B M A C	D M E M A C	F I I E R	C A R R I E R	R H I	Shared-System Maintainers				O T H E R
							F I S S	M C S	V M S	C W F	
7146.1	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 CAHs, on behalf of general surgeons (physician specialty code 02), an additional 10 percent incentive payment. NOTE: The global surgery indicator is stored on the Payment Policy Indicator File.	X		X			X				
7146.1.1	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				
7146.1.2	Contractors shall calculate the incentive payment based on the amount actually paid for the service, not the Medicare approved amount.	X		X			X				
7146.1.3	Contractors shall identify only eligible services (those with a 10 - or 90 - day global period) submitted by CAHs paid under the optional method on TOB 85X with revenue code 96X, 97X or 98X rendered by physician specialty code 02 practitioners (identified by NPI listed in the “operating provider” field) 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				
7146.2	When services with a 10 - or 90 - day global period are submitted with modifier AQ and the physician specialty code is 02 – general surgeon in the “operating provider” field, the contractor shall pay the HSIP incentive in addition to the HPSA physician bonus.	X		X			X				
7146.3	Contractors shall combine the additional HSIP payment with the HPSA physician bonus payment.	X		X			X				
7146.4	Contractors shall revise the special incentive remittance for CAHs that is forwarded with the incentive check so that the CAH can identify which type of incentive payment (HPSA physician, HSIP, or PCIP) was paid for which service.	X		X			X				
7146.4.1	FISS shall revise the special incentive remittance so that CAHs paid under the optional method may identify the NPI in the “operating provider” field.	X		X			X				
7146.4.2	Contractors shall add the following message to the incentive checks: This check is for the HPSA physician, HSIP, and/or PCIP incentive payment. See the special incentive	X		X			X				

Number	Requirement	Responsibility (place an "X" in each applicable column)								
		A / B M A C	D M E M A C	F I 	C A R R I E R	R H R I 	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
	remittance for CAHs for details									
7146.5	Once the types 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 3 = HPSA and PSA 4 = HSIP 5 = HPSA and HSIP 6 = PCIP 7 = HPSA and PCIP Space = Not Applicable					X			X	
7146.5.1	National Claims History shall be modified to accept the new HSIP and PCIP indicators on the claim.									NCH
7146.6	The contractor shared system shall send the HIGLAS 810 invoice for incentive payments including the new HSIP and PCIP payments.					X				HIG LAS S
7146.7	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				
7146.8	The contractor shared system shall receive the HIGLAS 835 payment file from HIGLAS showing a single incentive payment per provider.	X		X		X				HIG LAS S
7146.9	When this instruction is no longer sensitive, contractors shall add a link on their web sites for information on the HSIP payments in order to direct CAHs to the CMS web site that identifies zip codes eligible for automatic HSIP payment as follows: http://www.cms.gov/HPSAPSAPhysicianBonuses/01_overtureview.asp	X		X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)								
		A / B M A C	D M E M A C	F I 	C A R R I E R	R H I	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
7146.10	<p>When this instruction is no longer sensitive, a provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>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.</p>	X		X						

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
CR7115	Primary Care Incentive Payment Program (PCIP), Section 5501(a) of the Patient Protection and Affordable Care Act (the ACA), Payment to CAHs Paid Under the Optional Method

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

V. CONTACTS

Pre-Implementation Contact(s): For claims processing please contact Yvonne Young at (410) 786-1886 or Yvonne.Young@cms.hhs.gov, Susan Guerin at (410) 786-8138 or Susan.Guerin@cms.hhs.gov. For policy please contact Stephanie Frilling at (410) 786-4507 or Stephanie.Frilling@cms.hhs.gov.

Post-Implementation Contact(s): Appropriate Regional Office

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)*, include the following statement:

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 4 - Part B Hospital

(Including Inpatient Hospital Part B and OPPS)

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250.13 – Health Professional Shortage Areas (HPSA) Surgical Incentive Payment Program (HSIP) for Surgical Services Rendered in Critical Access Hospitals (CAHs) Paid under the Optional Method

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

There are two methods of payment for outpatient services furnished by Critical Access Hospitals (CAHs). The amount of payment for outpatient services furnished by a CAH under the traditional method is equal to 101 percent of the reasonable cost of the facility service and payment to the physician/practitioner under the Physician Fee Schedule(PFS) for the professional service or a CAH may elect to receive amounts that are equal to 101 percent of the reasonable cost of the facility service plus, with respect to the professional service, 115 percent of the amount otherwise paid for the professional service under the PFS. This election is sometimes referred to as "method II" or "the optional method."

Section 5501(b) (2) of the ACA is a conforming amendment, which refers to payments to the CAH for professional services under the optional method. As such, section 5501(b)(2) requires that, under the optional method, the 115 percent adjusted payment to the CAH for professional services does apply to the incentive payment for major surgical services furnished by general surgeons in HPSAs.

For major surgical services furnished by general surgeons on or after January 1, 2011 and before January 1, 2016, the additional incentive amount specified is to be included in the determination of payment for professional services made to CAHs paid under the optional method, but will be provided as a separate incentive payment to the CAH, on behalf of the qualified general surgeon, when they furnish a 10 - or 90 – day global surgical procedure in an identified HPSA. Therefore, the 10 percent incentive payment will be made based on 115 percent of the amount that would be paid for the surgeon's professional services under the PFS.

250.13.1 Overview of the HSIP

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

The incentive payment applies to major surgical procedures, defined as 10 - and 90 - day global procedures under the PFS and furnished on or after January 1, 2011 and before January 1, 2016, furnished by an O2-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 program (Publication 100-04, Chapter 12, Section 90.4), HSIP payments will be calculated by Medicare contractors on a quarterly basis, on behalf of the qualifying O2-general surgeon for the qualifying surgical procedures.

250.13.2 - HPSA Identification

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

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 HPSA physician bonus is published. This list is also utilized for automatic payments of the incentive for eligible services furnished by general surgeons. Modifier AQ is used to identify circumstances when general surgeons furnish services 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 for professional services furnished in a HPSA that is not recognized as such for the purpose of automatic payment.

250.13.3 - Coordination with Other Payments

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

Section 5501(b)(4) of the ACA 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.

250.13.4 – General Surgeon and Surgical Procedure Identification for Professional Services Paid under the Physician Fee Schedule (PFS)

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

Qualifying general surgeons will be identified on a claim for a 10 - or 90 – day global surgical procedure based on the NPI listed in the “operating provider” field on the claim and the associated primary enrolled specialty of the operating physician of 02 - general surgery.

Major surgical procedures are those procedures for which a 10 - or 90 - day global period is used for payment under the PFS. The specific 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 day.

250.13.5 - Claims Processing and Payment

(Rev.2078, Issued: 10-28-10, Effective: 04-01-11, Implementation: 04-04-11)

A. General Overview

The HPSA physician bonus program guidelines are contained in Publication 100-04, Chapter 12, and Section 90.4. Refer to that manual for payment and claims processing guidance for the HPSA physician bonus program that was established in 2005.

The following guidelines pertain only to qualifying 02- general surgeons who have reassigned their billing rights to CAHs paid under the optional method, and who are eligible to receive the additional 10 percent HSIP payment for major surgical procedures furnished in HPSAs from January 1, 2011 through December 31, 2015.

Contractors shall only identify eligible services with a 10 - or 90 - day global period rendered in eligible zip code areas based on the HPSA physician bonus program ZIP code file for the appropriate date of service.

Providers may report modifier AQ when submitting claims for major surgical procedures that were furnished in approved HPSAs, where those HPSAs are not recognized for automatic payment. The modifier must be appended to the major surgical procedure HCPCS code in order for the CAH paid under the optional method to be paid the 10 percent additional incentive payment for the surgical procedure on behalf of the general surgeon.

B. Method of Payment:

- Calculate and pay CAHs paid under the optional method on behalf of 02- general surgeons furnishing 10 - and 90 - day global surgical procedures in a recognized HPSA an additional 10 percent incentive payment based on 115 percent of the amount that would be paid for the surgeon's professional services under the PFS;*
- Calculate the payment based on the amount actually paid for the service, not the Medicare approved amount;*
- Combine the additional payment with the HPSA physician bonus payment;*
- Accept and pay services submitted with modifier AQ and;*
- Revise the "special incentive remittance for CAHs" 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.*

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 HSIP and a new PCIP indicator on the claim line.

Once the type of incentive payment has been identified by the shared systems, the shared system shall 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;

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), and HSIP payment invoice per practitioner. The contractor shall receive the HIGLAS 835 payment file from HIGLAS showing a single incentive payment per practitioner.