

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13942	Date: September 15, 2026
	Change Request 14604

SUBJECT: 2027 Annual Update for the Health Professional Shortage Area (HPSA) Bonus Payments

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide a file for the automated payments of HPSA bonuses for dates of service January 1, 2027, through December 31, 2027. This recurring update notification applies to Chapter 4, Section 250.2 and Chapter 12, Section 90.4.2.

EFFECTIVE DATE: January 1, 2027

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

IMPLEMENTATION DATE: January 4, 2027

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
N/A	N/A

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 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:

Recurring Update Notification

Attachment - Recurring Update Notification

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II. GENERAL INFORMATION

A. Background: An automated HPSA bonus payment file is created annually. This change request provides instructions for retrieving the new file. This recurring update notification applies to Chapter 4, Section 250.2 and Chapter 12, Section 90.4.2. When the updated file is ready, a notification email will be sent from CMS instructing the MACs to retrieve the HPSA Zip Code data from the Cloud.

B. Policy: Section 413(b) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 mandated an annual update to the automated HPSA bonus payment file. The CMS automated HPSA ZIP code file shall be populated using the latest designations as close as possible to November 1 of each year. The HPSA ZIP code file shall be made available to contractors in early December of each year. Contractors shall implement the HPSA ZIP code file and for claims with dates of service January 1 to December 31 of the following year, contractors shall make automatic HPSA bonus payments to physicians providing eligible services in a ZIP code contained on the file.

III. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14604.1	For 2027, Contractors shall download the data from the cloud service and implement it into their testing and production regions. Note: Date of retrieval will be provided in a separate email communication from CMS. Note: In the event of unexpected circumstances	X	X							Hybrid Cloud Data Center (HCDC), PCS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	or issues, CMS will provide further instructions to the MACs and data centers via email to load the Mainframe file. Note: The contractors also include the Virtual Data Centers (VDCs).									
14604.1.1	CMS shall make the test file available in the cloud during the 1st week of December 2026.									CMS
14604.2	Contractors shall use the cloud data for the automated bonus payment for claims with dates of service on or after January 1, 2027, through December 31, 2027.	X	X							
14604.3	Contractors shall continue to accept the AQ modifier for partially designated HPSA claims.	X	X							
14604.4	Contractors shall continue to review samples of paid claims submitted with the AQ modifier.		X							

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part A, A/B MAC Part B

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

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

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

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ATTACHMENTS: 0