



Health Professional Shortage Area Physician Bonus Program



What's Changed?

We added information on rural health clinic requirements. (page 3)

Substantive content changes are in dark red.

What's a Health Professional Shortage Area?

Health Professional Shortage Areas (HPSAs) are geographic areas of populations that lack enough health care providers to meet the health care needs of that population.

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 only includes geographic primary care and mental health HPSAs.

Bonus Payment

We pay a 10% quarterly bonus when you deliver Medicare-covered services to Medicare patients in a geographic HPSA. We base the bonus on the amount that the patient pays for professional services:

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

- When you deliver services to patients in areas that HRSA has designated as primary care geographic HPSAs before the end of the prior year, you're eligible for the Medicare HPSA bonus during the current year
- If an area doesn't have a geographic primary care HPSA designation but has a geographic mental health HPSA designation, only psychiatrists who deliver services to patients in the designated area are eligible for the 10% bonus
- We pay only 1 HPSA bonus if an area has both a primary care and a mental health geographic HPSA designation

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

If you reassign your billing rights and the CAH elects the Optional Payment Method, it gets 115% of the otherwise applicable Medicare Physician Fee Schedule amount multiplied by 110%, 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 describes several types of shortage designations. The types are:

- Health Professional Shortage Areas (HPSAs)
- Maternity Care Target Areas (MCTAs)
- [Medically Underserved Areas \(MUAs\) and Medically Underserved Populations \(MUPs\)](#)
- Exceptional Medically Underserved Population (Exceptional MUP)
- Governor's-Designated Secretary-Certified Shortage Areas for Rural Health Clinics (RHCs)

When you deliver services to patients in a ZIP Code eligible for automatic HPSA bonus payment, the HPSA physician automatically gets a bonus payment. We update this list annually, and it's effective for services you deliver on and after January 1 of each calendar year:

- If you deliver services to 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.
- We validate services you submit with the AQ modifier. Use the modifier only for services that you deliver to a 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:

- It doesn't fall entirely within a designated full county HPSA bonus area
- It doesn't fall within the county based on U.S. Postal Service determination
- It's partially within a non-full county HPSA
- 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.

An RHC must be located in an area that has current HRSA designation received within the last 4 years as 1 of these:

- Primary Care Geographic HPSA
- Primary Care Population-Group HPSA
- MUA
- Governor-Designated and Secretary-Certified Shortage Area

Resources

- [2024 Annual Update for HPSA Bonus Payments](#)
- [HPSA Physician Bonuses](#)
- [HRSA Defining Rural Population](#)
- [Shortage Areas](#)

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