

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1273	Date: JUNE 29, 2007
	Change Request 5625

SUBJECT: Billing and Payment in a Health Professional Shortage Area (HPSA)

I. SUMMARY OF CHANGES: Revisions are being made to the Internet Only Manual pertaining to Billing and Payment in a Health Professional Shortage Area (HPSA). Carriers will no longer be required to check the quarterly reports for additions and deletions of HPSA designations or maintain an updated Web site of HPSA designations for physicians to use when filing HPSA bonus payment claims. Instead, carriers will provide a direct link to The Center for Medicare and Medicaid Services and the Resources Services Administration (HRSA), for physicians to use when filing HPSA bonus payment claims.

NEW / REVISED MATERIAL

EFFECTIVE DATE: * October 1, 2007

IMPLEMENTATION DATE: October 1, 2007

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	12/90/90.4/Billing and Payment in a Health Professional Shortage Area (HPSA)
R	12/90/90.4.1/Provider Education
R	12/90/90.4.1.1/Carrier Web Pages
R	12/90/90.4.2/HPSA Designations

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

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

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	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
	to the HRSA Web site for providers to verify their HPSA status. The HRSA Web site can be accessed at www.bhpr.hrsa.gov/shortage/											
5625.5	Contractors shall use the HRSA Web site and HRSA designation letters when validating bonus payments for HPSA bonus payment claims.	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	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5625.6	<p>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 1 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

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:

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Cynthia Glover (410) 786-2589

Post-Implementation Contact(s): Cynthia Glover (410) 786-2589

VI. FUNDING

A. *For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC), use only one of the following statements:*

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. *For Medicare Administrative Contractors (MAC), use the following statement:*

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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 - Billing and Payment in a Health Professional Shortage Area (HPSA)

(Rev. 1273; Issued: 06-29-07; Effective/Implementation Dates: 10-01-07)

In accordance with [§1833\(m\)](#) of the Act, physicians who provide covered professional services in any rural or urban HPSA are entitled to an incentive payment. Beginning January 1, 1989, physicians providing services in certain classes of rural HPSAs were entitled to a 5-percent incentive payment. Effective January 1, 1991, physicians providing services in either rural or urban HPSAs are eligible for a 10-percent incentive payment.

Eligibility for receiving the 10 percent bonus payment is based on whether the specific location at which the service is furnished is within an area that is designated (under section 332(a)(1)(A) of the Public Health Services Act) as a HPSA. The Health Resources and Services Administration (HRSA), within the Department of Health & Human Services, is responsible for designating shortage areas.

HRSA designates three types of HPSAs: geographic, population, and facility-based. Geographic-based HPSAs are areas with shortages of primary care physicians, dentists or psychiatrists. Population-based HPSAs are designations based on underserved populations within an area. Facility-based HPSAs are designations based on a public or non-profit private facility that is providing services to an underserved area or population and has an insufficient capacity to meet their needs.

Section 1833(m) of the Social Security Act (the Act) provides incentive payments for physicians who furnish services in areas designated as HPSAs under section 332 (a)(1)(A) of the Public Health Service (PHS) Act. This section of the PHS Act pertains to geographic-based HPSAs. Consequently, Medicare incentive payments are available only in geographic HPSAs.

Although section 1833(m) of the Act provides the authority to recognize the three types of geographic-based HPSAs (primary medical care, dental and mental health), only physicians, including psychiatrists, furnishing services in a primary medical care HPSA are eligible to receive bonus payments. In addition, effective for claims with dates of service on or after July 1, 2004, psychiatrists furnishing services in mental health HPSAs are eligible to receive bonus payments. CMS does not recognize dental HPSAs for the bonus payment program.

It is not enough for the physician merely to have his/her office or primary service location in a HPSA, nor must the beneficiary reside in a HPSA, although frequently this will be the case. The key to eligibility is where the service is actually provided (place of service). For example, a physician providing a service in his/her office, the patient's home, or in a hospital qualifies for the incentive payment as long as the specific location of the service is within an area designated as a HPSA. On the other hand, a physician may have an office in a HPSA but go outside the office (and the designated HPSA area) to provide the service. In this case, the physician would not be eligible for the incentive payment. Carrier responsibilities include:

Informing the physician community of these provisions;

Providing a link to the CMS Web site to access the HPSA automated ZIP code files;

Providing a direct link to HRSA's HPSA database

Modifying the claims processing system to recognize and appropriately handle eligible claims;

Paying physicians the incentive payments; and

Performing post-payment reviews of samples of paid claims *submitted using the AQ modifier.*

90.4.1 – Provider Education

(Rev. 1273; Issued: 06-29-07; Effective/Implementation Dates: 10-01-07)

Prior to 2005, at the time carriers are notified that an area has been classified (or declassified) as a HPSA, they inform the applicable physician community of the status of the area, the requirements for eligibility for the incentive payment, and the mechanism for claiming payment. To assure that all physicians understand these requirements, carriers publish a general summary bulletin on an annual basis.

Effective January 1, 2005, payment files for the automated payment of the HPSA bonus payment will be developed and updated annually. Once the annual designations are made, no interim changes will be made to the automated payment files to account for HRSA updates to designations throughout the year. New designations and withdrawals of HPSA designations during a calendar year will be included in the next annual update.

For newly designated HPSA areas, physicians will be able to receive the bonus by self-designating through the use of the QB or QU modifier for claims with dates of service prior to January 1, 2006. For claims with dates of service on or after January 1, 2006, the AQ modifier (Physician providing a service in a Health Professional Shortage Area (HPSA)) must be submitted. They will also need to submit the modifier for any designated areas not included in the automated file due to the cut off date of the data used. This will only be necessary if the zip code of where they provide their service is not already on the list of zip codes that will automatically receive the bonus payment. Physicians must not continue to self-designate through the use of the modifiers for HPSA designations that are withdrawn during the year, but are not part of the automated files.

Prior to the beginning of each calendar year beginning with 2005, CMS will post on its Web site zip codes that are eligible to automatically receive the bonus payment as well as information on how to determine when the modifier is needed to receive the bonus payment. Through regularly scheduled bulletins and list serves, carriers must notify all physicians to verify their zip code eligibility via the CMS Web site *or the HRSA Web site* for the area where they provide physician services.

90.4.1.1 – Carrier Web Pages

(Rev. 1273; Issued: 06-29-07; Effective/Implementation Dates: 10-01-07)

Carrier Web pages shall direct the physician community to a direct link to the CMS Web site to access the automated HPSA bonus payment files, and a direct link to the HRSA/HPSA designations database.

90.4.2 - HPSA Designations

(Rev. 1273; Issued: 06-29-07; Effective/Implementation Dates: 10-01-07)

HPSA designations are made by the Division of Shortage Designation (DSD) of the Public Health Service (PHS). Prior to January 1, 2005, upon receipt from DSD, CMS sends carriers individual notices of HPSA status changes (initial classification of HPSA areas or deletion of existing ones). Carriers must effectuate these changes as of the first day of the second month after carriers receive them. For example, any notice carriers receive during August is effective for physician services provided on or after October 1. Before effectuating these changes, carriers must ready the system for acceptance of the change and notify all physicians providing services in the impacted area who may be eligible for the incentive payment. Each quarter, CMS also provides carriers with an updated DSD comprehensive listing of all HPSAs in their jurisdiction. Carriers use this listing as a control to assure that all changes are accounted for and effectuated.

Although some HPSAs span entire counties (or other territorial subdivisions within a State), typically, they represent only sections of counties. For partial-county HPSAs, carriers prepare and distribute to physicians local maps which clearly delineate the HPSA areas. Carriers must notify physicians about HPSA areas by:

Publishing a list of HPSAs and allowing physicians to call carriers if they need assistance in determining whether their practice locale falls within the boundaries of a HPSA; and

Issuing maps of partial-county HPSAs that make it easier for physicians to determine if they provide services within designated HPSA areas.

Beginning with 2005, an automated file of designations will be updated on an annual basis and will be effective for services rendered with dates of service on or after January 1 of each calendar year beginning January 1, 2005, through December 31, 2005.

Physicians will be allowed to self-designate throughout the year for newly designated HPSAs and HPSAs not included in the automated file based on the date of the data run used to create the file. The bonus will be effective for services rendered on or after the date of designation by HRSA. Designation letters from HRSA will continue to be forwarded from the CMS Central Office to the Regional Offices to send to carriers.

Carriers must *use the letters when verification is necessary to determine the designation date or removal date of the HPSA bonus payment status.* The carriers and standard systems will be provided with a file at the appropriate time prior to the beginning of the calendar year for which it is effective. This file will contain zip codes that fully fall within a HPSA bonus area for both mental health and primary care services. After the implementation of this new process effective January 1, 2005, a recurring update notification will be issued for each annual update. Carriers will be informed of the availability of the file and the file name via an email notice.

Carriers will automatically pay bonuses for services rendered in zip code areas that fully fall within a designated primary care or mental health full county HPSA; are considered to fully fall in the county based on a determination of dominance made by the United

States Postal Service (USPS); or are fully within a partial county HPSA area. Should a zip code fall within both a primary care and mental health HPSA, only one bonus will be paid on the service. Bonuses for mental health HPSAs will only be paid when performed by the provider specialty of 26 – psychiatry.

For services rendered in zip code areas that do not fall within a designated full county HPSA; are not considered to fall within the county based on a determination of dominance made by the USPS; are partially within a partial county HPSA; or are designated after the annual update is made to the automated file, physicians must still submit a AQ modifier to receive payment.

To determine whether a modifier is needed, physicians must review the information provided on the CMS Web *or the HRSA Web* site for HPSA designations to determine if the location where they render services is, indeed, within a HPSA bonus area. Physicians may also base the determinations on letters of designations received from HRSA. They must be prepared to provide these letters as documentation upon the request of the carrier and should verify the eligibility of their area for a bonus with their carrier before submitting services with a HPSA modifier.

For services rendered in zip code areas that cannot automatically receive the bonus, it will be necessary to know the census tract of the area to determine if a bonus should be paid and a modifier submitted. Census tract data can be retrieved by visiting the U.S. Census Bureau website at www.Census.gov or the Federal Financial Institutions Examination Council (FFIEC) website at www.ffiec.gov/geocode/default.htm. Instructions on how to use these web sites can be found on the CMS web site at <http://new.cms.hhs.gov/HPSAPSAPhysicianBonuses>. Neither CMS nor the Medicare carriers can provide information on the functionality of these Web sites.