

Overview of Sections 413 (a) and (b) of the Medicare Prescription Drug Improvement and Modernization Act (MMA) of 2003

Sections 413 (a) and (b) of the MMA of 2003 required the creation of a new Physician Scarcity Area (PSA) bonus payment program and significant revisions to the Health Professional Shortage Area (HPSA) bonus payment program. Implementation for the new PSA program and the revisions to the HPSA program were effective for claims with dates of service on and after January 1, 2005.

I. PSA Bonus Program

A. Physicians received a 5% bonus for eligible services rendered in PSAs for dates of service on or after January 1, 2005 through June 30, 2008.

1. Definition of a PSA

A PSA was defined as a U.S. county with a low ratio of primary care or specialty physicians to Medicare beneficiaries. For claims with dates of service on or after January 1, 2005 through June 30, 2008, Medicare paid a 5% bonus to the primary care and specialty physicians providing eligible services in the counties with the lowest 20% ratio of primary care or specialty physicians to Medicare beneficiaries.

To the extent that was feasible, a rural census tract of a metropolitan statistical area (MSA), commonly known as the Goldsmith Modification area, was also designated as a PSA. A 5% bonus was also payable for eligible services rendered in those areas.

a. A primary care physician was defined as a general practitioner, family practice practitioner, general internist, obstetrician, or gynecologist.

b. A specialty care physician was defined as other than a general practitioner, family practice practitioner, general internist, obstetrician, or gynecologist.

c. PSA designations were originally effective for a three (3) year time span from Jan 1, 2005 – December 31, 2007. The Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 amended Section 1833(u)(1) of the Social Security Act and extended payment of the PSA bonus for claims with dates of service through June 30, 2008.

B. Dentists, podiatrists, chiropractors, and optometrists were not eligible for the PSA bonus.

C. Only physicians' professional services were eligible for the bonus payment. The technical component of diagnostic services and services that were fully technical were not eligible.

D. The same services could have qualified for both the PSA and HPSA bonus to receive a total 15% bonus payment.

E. Determination of the bonus payment was made based on the ZIP code of where the service was rendered, not on the ZIP code of the physician's office.

1. The CMS web site at *cms.hhs.gov/providers/bonuspayment* lists the ZIP codes that would have automatically received the bonus payment for eligible services without the use of a modifier.

2. The web site also contains information on when it was necessary to use the AR modifier to receive the bonus payment.

3. Services submitted with the modifier were subject to post-payment review by Medicare.

F. Bonus payments were made on a quarterly basis.

II. HPSA Bonus Payment Program – Areas Fully Designated

A. Physicians automatically receive a 10% bonus payment without the use of a modifier when eligible services are provided in ZIP code areas that fully fall within a designated HPSA area or are dominant to the area based on a determination by the United States Postal Service (USPS).

B. Physicians must submit the AQ modifier when providing services in ZIP code areas that do not fully fall within a designated HPSA area or are dominant to the area based on a determination by the USPS.

1. Services submitted with the modifiers are subject to post-payment review by Medicare.

C. Only physicians' professional services are eligible for the bonus payment. The technical component of diagnostic services and services that are fully technical are not eligible.

D. Determination of the bonus payment is made based on the ZIP code of where the service was rendered, not the ZIP code of the physician's office.

1. The CMS web site at *cms.hhs.gov/providers/bonus payment* lists the ZIP codes that will automatically receive the bonus payment for eligible services without the use of a modifier. The automated bonus payment files are updated annually.

E. Bonus payments are made on a quarterly basis.