

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1639	Date: November 21, 2008
	Change Request 6106

NOTE: This Transmittal is no longer sensitive and is being re-communicated. The Transmittal Number and the date of Transmittal remain the same. All other information remains the same.

Subject: Health Professional Shortage Area (HPSA) Bonus Payment Policy Changes

I. SUMMARY OF CHANGES: This Change Request (CR) will revise the dates that the contractors receive the HPSA file and revise when the AQ modifier can be used.

New / Revised Material

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

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	4/250/250.2/250.2.2/Zip Code Files
R	12/90/90.4/90.4.1/Provider Education
R	12/90/90.4/90.4.2/HPSA Designation

III. FUNDING:

SECTION A: For Fiscal Intermediaries and 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):

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

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SUBJECT: Health Professional Shortage Area (HPSA) Bonus Payment Policy Changes

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

I. GENERAL INFORMATION

A. Background: Section 1833(m) of the Social Security Act provides for an additional 10 percent bonus payment for physicians' services furnished in a year to a covered individual in an area that is designated as a geographic Health Professional Shortage Area (HPSA), as identified by the Secretary prior to the beginning of such year. The Centers for Medicare and Medicaid Services (CMS) posts a file annually of ZIP codes within which the HPSA bonus payment should be made automatically. Physicians providing services in areas that were eligible for the HPSA bonus prior to the beginning of the year but not on the automated list have been instructed to use the AQ modifier to receive the HPSA bonus payment.

In the preamble to the 2005 Physician Fee Schedule Final Rule (69 FR 66297), we stated that determination of zip codes eligible for automatic HPSA bonus payment will be made on an annual basis, and that there would be no updates to the zip code file during the year. We also stated that physicians furnishing covered services in newly designated HPSAs may add a modifier to their Medicare claims to collect the HPSA bonus payment until our next annual posting of zip codes for automatic payment of the bonus for services provided in these areas. The statute indicates that the HPSA bonus payment will be made for services furnished during a year in an area designated as HPSAs prior to the beginning of that year. As a result, the HPSA bonus payment is made for physicians' services furnished in an area designated as of December 31 of the prior year, even if the area's HPSA designation is subsequently removed during the current year. However, for physicians' services furnished in areas that are designated as HPSAs after the beginning of a year, the HPSA bonus payment is not made until the following year, if the area is still designated as of December 31 of that year.

Physicians providing services in areas that are designated as of December 31 of the prior year but not included on the list of zip codes eligible for automated HPSA bonus payments shall use the AQ modifier to receive the HPSA bonus payment. The proper use of the AQ modifier will assure physicians continue to receive the HPSA bonus for services provided in the designated area for the remainder of the year.

B. Policy: HPSA bonuses are payable for services furnished by physicians in areas designated as HPSAs as of December 31 of the prior year. Because of the need to collect data on HPSA designations in a timely and accurate manner, CMS' automated ZIP code file shall be populated using designations as of November 1 of each year or the first work day following November 1. The ZIP code file shall be made available to contractors in early December of each year. Contractors shall implement the ZIP code file and, for claims with dates of service January 1 to December 31 of the following year, shall make automatic HPSA bonus payments to physician providing eligible services in a ZIP code contained on the file.

Physicians providing services in areas that are designated as of December 31 of the prior year but not included on the list of zip codes eligible for automated HPSA bonus payments shall use the AQ modifier to receive the HPSA bonus payment.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

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 H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6106.1	Contractors shall pay the bonus on claims with the AQ modifier if the service was provided by a physician in an area that is designated as a geographic HPSA as of December 31, of the prior year but not on the automated zip code file.	X		X	X		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 H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6106.2	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. 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.	X		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:

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

V. CONTACTS

Pre-Implementation Contact(s): Corinne Axelrod 410-786-5620, corinne.axelrod@cms.hhs.gov

Post-Implementation Contact(s): Appropriate CMS Regional Office

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs)*:

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)*:

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.

250.2.2 - ZIP Code Files

(Rev. 1639, Issued: 11-21-08, Effective: 01-01-09, Implementation: 01-05-09)

The CMS provided a file of ZIP codes for the primary care and *specialist care* Physician Scarcity Area (PSA) bonus payment. The file is effective for claims with dates of service January 1, 2005 through June 30, 2008. Prior to January 1, 2005, CMS posted on its Web site ZIP codes that are eligible for the bonus payment. Through regularly scheduled bulletins and list serves, intermediaries must notify the CAH to verify their ZIP code eligibility via the CMS Web site.

ZIP code files for the automated payment of the Health Professional Shortage Area (HPSA) bonus payment will be developed and updated annually. Effective for claims with dates of service on or after January 1, 2009, only services provided in areas that are designated as of December 31 of the prior year are eligible for the HPSA bonus payment. Physicians providing services in areas that were designated as of December 31 of the prior year but not on the automated file may use the AQ modifier. Only services provided in areas that were designated as of December 31 of the prior year but not on the automated file may use the modifier. Services provided in areas that are designated throughout the year will not be eligible for the HPSA bonus payment until the following year, provided they are still designated on December 31. Services provided in areas that are de-designated throughout the year will continue to be eligible for the HPSA bonus through the end of the calendar year.

The contractors 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 and partially fall within a HPSA bonus area for both mental health and primary care services. A recurring update notification will be issued for each annual update. Contractors will be informed of the availability of the file and the file name via an email notice.

Contractors will automatically pay bonuses for services rendered in ZIP code areas that: 1) fully fall within a designated primary care or mental health full county HPSA; 2) are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS); or 3) are fully within a non-full 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 psychiatrists.

For services rendered in ZIP code areas: 1) that do not fall within a designated full county HPSA; 2) are not considered to fall within the county based on a determination of dominance made by the USPS; or 3) are partially within a non-full county HPSA, the CAH must still submit a AQ modifier to receive payment for claims. To determine whether a modifier is needed, the CAH must review the information provided on the CMS Web site for HPSA designations to determine if their location is, indeed, within a HPSA bonus area.

For service 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 Web site at www.Census.gov. The required format for the quarterly report: The required format for the quarterly report:

Quarterly HPSA and Scarcity Report for CAHs

Provider Number	Beneficiary HICN	DCN	Rev. Code	HCPCS	LIDOS	Line Item Payment Amount	10% of Line Payment Amount	5% of Line Payment Amount
123456 (Effective May 23, 2007 this number will be for CMS use only. FIs are required to use the providers NPI.) 1122334455	Abcdefghijk	xxxxxxxxxx	xxx	12345	3/2/03	\$1000.00	\$100.00	\$50.00
789012 (Effective May 23, 2007 this number will be for CMS use only. FIs are required to use the providers NPI.) 2233445566	Lmnopqrstu		xxx	67890	10/30/02	\$5378.22	\$537.82	\$268.91

Use the information in the Professional Component/Technical Component (PC/TC) indicator field of the CORF extract of the Medicare Physician Fee Schedule Supplementary File to identify professional services eligible for HPSA and physician scarcity bonus payments. The following are the rules to apply in determining whether to pay the bonus on services furnished within a geographic HPSA billed with a QB or QU modifier for dates of service prior to January 01, 2006 or the AQ modifier for services on

or after January 01, 2006, and/or whether to pay the bonus on services furnished within a Physician Scarcity Area with the AR modifier effective for dates of service January 01, 2005, *through June 30, 2008*.

(Field 20 on the full MPFS file layout)

PC/TC Indicator	Bonus Payment Policy
0	Physician services. The concept of PC/TC does not apply since physician services cannot be split into professional and technical components. ACTION: Pay the bonus
1	Globally billed. Only the professional component of this service qualifies for the bonus payment. The bonus cannot be paid on the technical component of globally billed services. ACTION: Return the service as unprocessable and notify the CAH that the professional component must be re-billed if it is performed within a qualifying bonus area. If the technical component is the only component of the service that was performed in the bonus area, there wouldn't be a qualifying service.
1	Professional Component (modifier 26). ACTION: Pay the bonus.
1	Technical Component (modifier TC). ACTION: Do not pay the bonus.
2	Professional Component only. ACTION: Pay the bonus.
3	Technical Component only. ACTION: Do not pay the bonus.
4	Global test only. Only the professional component of this service qualifies for the bonus payment. ACTION: Return the service as unprocessable. Instruct the provider to re-bill the service as separate professional and technical component procedure codes.
5	Incident to codes. ACTION: Do not pay the bonus.
6	Laboratory physician interpretation codes. ACTION: Pay the bonus
7	Physical therapy service. ACTION: Do not pay the bonus.

8	Physician interpretation codes. ACTOIN: Pay the bonus.
9	Concept of PC/TC does not apply. ACTION: Do not pay the bonus.

NOTE: Codes that have a status of “X” on the CORF extract Medicare Physician Fee Schedule Database (MFSDB) have been assigned PC/TC indicator 9 and are not considered physician services for MFSDB payment purposes. Therefore, neither the HPSA bonus nor the physician bonus payment (5 percent) will be paid for these codes.

90.4.1 – Provider Education

(Rev. 1639, Issued: 11-21-08, Effective: 01-01-09, Implementation: 01-05-09)

ZIP code files for the automated payment of the HPSA bonus payment will be developed and updated annually. Effective for claims with dates of service on or after January 1, 2009, only services provided in areas that are designated as of December 31 of the prior year are eligible for the HPSA bonus payment. Physicians providing services in areas that were designated as of December 31 of the prior year but not on the automated file may use the AQ modifier. Only services provided in areas that were designated as of December 31 of the prior year but not on the automated file may use the modifier. Services provided in areas that are designated throughout the year will not be eligible for the HPSA bonus payment until the following year, provided they are still designated on December 31. Services provided in areas that are de-designated throughout the year will continue to be eligible for the HPSA bonus through the end of the calendar year.

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 Website for the area where they provide physician services.

90.4.2 - HPSA Designations

(Rev. 1639, Issued: 11-21-08, Effective: 01-01-09, Implementation: 01-05-09)

HPSA designations are made by the *Health Resources and Services Administration’s (HRSA) Division of Shortage Designation (DSD)*. *An automated file of areas eligible for the HPSA bonus payment 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. Physicians may only use the AQ modifier for services furnished in an area that was designated as of December 31 of the prior year. This information can be downloaded from the HRSA website.*

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; *or* are partially within a partial county HPSA, physicians must 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.