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## Medicare Incentive Payments for Physician Care in Underserved Areas

**Note:** This article was updated on April 22, 2013, to reflect current Web addresses. All other information remains unchanged.

MM3336 clarifies this instruction by adding Critical Access Hospital (CAHs) as eligible for the mental health HPSA bonus payment. This bonus is designed for psychiatric services rendered in an eligible CAH. To be eligible, the CAH must receive payment under the Optional Method (Method II) payment rules and must be located in a mental health area. To see MM3336, go to <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM3336.pdf> on the CMS website.

### Providers Affected

Psychiatrists

### Provider Action Needed

Physicians, including psychiatrists, should note that if they furnish services in primary medical care **Health Professional Shortage Areas (HPSAs)**, they are eligible to receive ten percent bonus payments. Psychiatrists furnishing services in mental health HPSAs are also eligible to receive ten-percent bonus payments.

### Provider Action Needed



#### **STOP - Impact to You**

This instruction relates to the amount of payment psychiatrists receive if they provide services in a mental health HPSA.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

**CAUTION – What You Need to Know**

Physicians, including psychiatrists, are eligible to receive ten percent bonus payments if they furnish services in primary medical care HPSAs. Psychiatrists furnishing services in mental health HPSAs are also eligible to receive ten percent bonus payments.

**GO – What You Need to Do**

Psychiatrists who qualify for these bonus payments are eligible to submit claims for services furnished in mental health HPSAs, effective for claims with dates of service on or after July 1, 2004.

## Background

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Under current law, Medicare pays a bonus to physicians for providing health care services in certain HPSAs. In light of recent physician inquiries, the Centers for Medicare & Medicaid Services has issued instructions to clarify which types of geographic HPSA (primary medical care, dental and mental health) are applicable to the Medicare Bonus Payment program that provides a ten percent bonus payment.

Currently, the Health Resources and Services Administration (HRSA), part of the Department of Health and Human Services, is responsible for designating several types of HPSAs, including HPSA designations based on:

- **Areas** with shortages of primary care physicians, dentists or psychiatrists, referred to as **geographic-based HPSAs**; and
- **Underserved populations** within an area, referred to as **population-based HPSAs**.

Federal law for Medicare bonus payments recognizes geographic-based, primary medical care, and mental health HPSAs as eligible areas for receiving bonus payments. Consequently, physicians, including psychiatrists, furnishing services in a primary medical care HPSA, are eligible to receive bonus payments. In addition, psychiatrists furnishing services in mental health HPSAs are eligible to receive bonus payments. Dental HPSAs remain ineligible for the bonus payment program due to the fact that Medicare does not cover dental services for its beneficiaries.

This change would only affect psychiatrists furnishing services in mental health HPSAs that do not overlap with primary care HPSAs. In other words, these stand-alone mental health HPSAs are now eligible areas, as of July 1, 2004, for psychiatrists to receive bonus payments.

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With respect to psychiatrist services in mental health HPSAs, CMS will furnish quarterly lists of **mental health HPSAs to Medicare carriers** so they can implement this change which is **effective for claims with dates of service on or after July 1, 2004**. Should an area be both a mental health HPSA and a non-mental health HPSA, only one ten percent bonus payment will apply to a single service.

Also, it is important for physicians and psychiatrists to note that the bonus is paid for services in HPSA areas only if those services are actually provided in the HPSA area. For example, if the physician has an office in a HPSA area, but provides the service in the patient's home, which is outside the service area, the bonus is not payable.

## Implementation

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The implementation date is July 6, 2004 for the mental health HPSAs and the change for such services will apply effective for dates of service on or after July 1, 2004. For services provided in primary medical care HPSAs, this instruction is meant for clarification and informational purposes only.

## Additional Information

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The *Medicare Claims Processing Manual*, Chapter 12 (Physicians/Nonphysician Practitioners), Section 90 (Physicians Practicing in Special Settings), Subsection 90.4 (Billing and Payment in a Health Professional Shortage Areas (HPSAs)) has been revised, and sections have been deleted. You can find this manual at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/index.html> on the CMS website.

Also, to see the specific instruction issued to your Medicare carrier, visit <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R78CP.pdf> on the CMS website.

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