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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 203

Date: JUNE 10, 2004

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### CHANGE REQUEST 3336

**I. SUMMARY OF CHANGES:** The Health Resources and Services Administration (HRSA) designates several types of Health Professional Shortage Areas (HPSAs). Some HPSAs are areas with shortages of primary care physicians, dentists or psychiatrists. These shortage designations are referred to as geographic-based HPSAs. Also, there are HPSA designations based on underserved populations within an area, which are referred to as population-based HPSAs.

In light of recent provider inquiries, CMS is clarifying which types of geographic HPSA (primary medical care, dental and mental health) are applicable to the Medicare Bonus Payment program. As stated above, the statute 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. CMS furnishes quarterly lists of mental health HPSAs to implement this change, which is effective for claims with dates of service on or after July 1, 2004. 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 *payment to a CAH or* 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 or, *the CAH in which they render services*, to receive bonus payments.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: July 1, 2004**

**\*IMPLEMENTATION DATE: July 6, 2004**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	12/Table of Contents
N	12/90.4.9 HPSA Incentive Payments for Physician Services in a CAH

**\*III. FUNDING:**

**These instructions shall be implemented within your current operating budget.**

**IV. ATTACHMENTS:**

<b>X</b>	<b>Business Requirements</b>
<b>X</b>	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

**\*Medicare contractors only**

# Attachment - Business Requirements

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## I. GENERAL INFORMATION

**A. Background:** Section 4043 of the Omnibus Budget Reconciliation Act (OBRA) of 1987 established a bonus payment program for physicians who treat Medicare patients in Health Professional Shortage Areas (HPSAs). Beginning January 1, 1989, physicians providing services in rural HPSAs were entitled to a 5 percent bonus payment. Effective January 1, 1991, section 6102 of OBRA 1989 amended this Medicare benefit by raising the bonus payment from 5 percent to 10 percent and by adding urban HPSAs.

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 several types of HPSAs. Some HPSAs are areas with shortages of primary care physicians, dentists or psychiatrists. These shortage designations are referred to as geographic-based HPSAs. Also, there are HPSA designations based on underserved populations within an area, which are referred to as population-based HPSAs.

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. The Medicare Claim Processing Manual (Chapter 12, section 90.4) provides basic implementing instructions to Medicare contractors and physicians regarding eligibility and claims processing for incentive payments. This section of the Medicare manual clearly states that only geographic-based HPSAs are eligible areas for the bonus payments.

With regard to the various types of HPSAs (primary medical care, dental and mental health) and their applicability to the Medicare Bonus Payment program, section 1833(m) of the Act provides Medicare with the authority to recognize all three types of geographic-based HPSAs.

**B. Policy:** In light of recent provider inquiries, CMS is clarifying which types of geographic HPSA (primary medical care, dental and mental health) are applicable to the Medicare Bonus Payment program. As stated above, the statute 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. The CMS will furnish quarterly lists of mental health HPSAs to carriers and *intermediaries* to implement this change, which is effective for claims with dates of service on or after July 1, 2004. The CMS will continue to not recognize dental HPSAs for the bonus payment program.

**C. Provider Education:** A provider education article related to this instruction will be available at <http://www.cms.hhs.gov/medlearn/matters> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article to their Web site, and include it in a listserv message if applicable, within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. This must include eligibility criteria and modifier use for mental health HPSA bonuses.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3336.1	CMS must supply quarterly mental health HPSA lists to contractors.	CMS
3336.1.1	Contractors shall accept quarterly mental health HPSA lists from CMS.	FIs
3336.2	Fiscal intermediaries and standards systems shall modify their claims processing systems to make a quarterly 10% bonus payment to a Method II CAH for psychiatric services, shown in revenue code 961, based on the amount Medicare actually pays for eligible services rendered in mental health HPSAs.	FIs and FISSM
3336.2.1	Intermediaries shall inform CAHs of these provisions.	FIs
3336.2.2	Should an area be designated as both a mental health HPSA and a non-mental health HPSA, only one 10% bonus payment shall be made for a single service.	FIs
3336.3	Contractors shall follow the provider education instructions found above in section I.C.	FIs

## III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

### A. Other Instructions:

X-Ref Requirement #	Instructions
3108	

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

**IV. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date:</b> July 1, 2004</p> <p><b>Implementation Date:</b> July 6, 2004</p> <p><b>Pre-Implementation Contact(s):</b> Policy Issues, David Worgo, 410-786-5919; CAH claims processing billing issues, Doris Barham, 410-786-6146</p> <p><b>Post-Implementation Contact(s):</b> David Worgo, 410-786-5919; Regional Offices</p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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# Medicare Claims Processing Manual

## Chapter 12 – Physician/Nonphysician Practitioners

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Table of Contents  
*(Rev. 203, 06-10-04)*

*90.4.9 – HPSA Incentive Payments for Physician Services Rendered in a  
Critical Access Hospital*

***90.4.9 - HPSA Incentive Payments for Physician Services Rendered in a Critical Access Hospital (CAH).***

***(Rev. 203, 06-10-04)***

*If a CAH electing the Optional Method (Method II) is located within a mental health HPSA, the psychiatrists providing (outpatient) professional services in the CAH are eligible for the Mental Health and Primary Care HPSA bonus payments. When billing for this service, the CAH must bill using Revenue code 961 plus the applicable HCPCS. This Mental Health HPSA bonus will be paid to the CAH on a quarterly basis by the FI. If an area is designated as both a mental health HPSA and a primary medical HPSA, only one 10% bonus will be paid for the service.*

*Refer to section 250.2 in the Claims Processing Manual, Chapter 2, for the required Quarterly Report format.*