
CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 78

Date: FEBRUARY 6, 2004

CHANGE REQUEST 3108

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.

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 Claims 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 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 CMS with the authority to recognize all three types of geographic-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 will furnish you 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 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.

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 only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS:

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

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	12/90.4/Billing and Payment in a Health Professional Shortage Areas (HPSAs)

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

***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 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 in light of the fact that Medicare does not cover dental services for its beneficiaries.

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 as well as the regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about HPSA mental health bonus payment is available on the Web site.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
3108.1	CMS must supply quarterly mental health HPSA lists to carriers	CMS, Carrier Standard Systems, Carrier, FI
3108.1.1	Carriers and standard systems shall modify their claims processing systems to make a quarterly 10% bonus payment only to psychiatrists, physician specialty 26, based on the amount Medicare actually pays for eligible services rendered in mental health HPSAs.	Carriers, Standard Systems, FI
3108.1.2	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.	Carriers, FI
3108.2	Carriers shall follow the provider education instructions found above in section I.C.	Carriers, FI

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

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

Effective Date: July 1, 2004 Implementation Date: July 6, 2004 Pre-Implementation Contact(s): David Worgo, 410-786-5919 Post-Implementation Contact(s): David Worgo, 410-786-5919	These instructions shall be implemented within your current operating budget.
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90.4 - Billing and Payment in a Health Professional Shortage Areas (HPSAs)

(Rev. 78, 02-06-04)

B3-3350, B3-15052

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 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. 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 in light of the fact that Medicare does not cover dental services for its beneficiaries.

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;
- Detailing to interested physicians those locations which are HPSAs and the proper manner in which to code claims to qualify for the incentive payment;
- Modifying the claims processing system to recognize and appropriately handle eligible claims;
- Paying physicians the incentive payments.