

Socioeconomic tips

Medicare offers bonuses for physician scarcity areas

by the Division of Advocacy and Health Policy

The Centers for Medicare & Medicaid Services (CMS) is implementing a new program that provides primary care and specialty physicians furnishing services in designated primary or specialty care scarcity counties with an additional payment equal to 5 percent of the amount paid for services rendered in those locales. The physician scarcity area (PSA) payment is mandated under the Medicare Prescription Drug, Improvement, and Modernization Act (MPDIMA) and adds to the payment to physicians who furnish medical care services in regions classified as health professional shortage areas (HPSA). Eligible physicians furnishing services in an area qualified as a PSA and HPSA would be entitled to receive both incentive payments, which would total 15 percent.

Eligibility for PSA bonus

CMS uses the following methodology to designate PSAs for primary care physicians and repeats the steps for specialty physicians:

- Array the ratio of physicians to Medicare beneficiaries for counties and rural census tracts of metropolitan statistical areas from lowest to highest.
- Cut the list off when they have covered 20 percent of the national Medicare population.

Medicare will automatically pay the 5 percent scarcity bonus on a quarterly basis for services provided in zip codes that: (1) fall fully within a county designated as a PSA; (2) partially fall within a county designated as a PSA and are considered to be dominant for that county (as determined by the U.S. Postal Service); or (3) fall within an identified rural area. The payment will be made without the need for a modifier on claims for services provided in these areas. In cases where a service is provided in a county that is considered to be a PSA but not considered to be dominant for that area, physicians should include a new modifier, AR.

The PSA bonus payment became effective January 1 and expires December 31, 2007.

Eligibility for HPSA bonus

In addition to creating the 5 percent PSA payment, the MPDIMA requires CMS to automate the 10 percent HPSA payment to physicians who provide care in zip codes that fall entirely in a designated county. In situations in which a physician provides care in a zip code that does not fall entirely within a HPSA, the physician must continue to use either the QB (physician providing a service in a rural HPSA) or QU (physician providing a service in an urban HPSA) modifier on claims to receive the bonus.

Determination of zip codes eligible for automated HPSA payment will be made annually with no mid-year updates. A zip code could become eligible for the HPSA bonus payment after the beginning of the year. Physicians furnishing covered services in HPSAs after the update may add a modifier to their Medicare claims to collect the incentive payment until CMS's next annual posting of eligible zip codes. Physicians can determine whether they qualify to receive a bonus payment and whether the payment is automated, or they need to include a modifier on their claims by reviewing information provided on the CMS Web site referenced later in this article.

Useful resources

Surgeons should be familiar with the areas that qualify for the bonus payments, understand when they need to use related modifiers, and know what information is available from their Medicare carrier to ensure that their claims are submitted correctly. To help determine eligibility for a PSA or HPSA payment, CMS has issued a useful guide that can be found on its Web site at <http://www.cms.hhs.gov/providers/hpsa/guide.pdf>.

Other information, including a CMS "MedLearn Matters" article that provides additional guidance on HPSA and PSA bonus payments, can be found at <http://www.cms.hhs.gov/providers/bonuspayment/>. 