



# MLN Matters



Information for Medicare Fee-for-Service Health Care Professionals

Related Change Request (CR) #: CR 3790

MLN Matters Number: MM3790

Related CR Release Date: April 15, 2003

Related CR Transmittal #: 523

Effective Date: January 1, 2005

Implementation Date: July 15, 2005

## *MMA - Implementation of the Physician Scarcity Area (PSA) Bonus and Revision to the Health Professional Shortage Area (HPSA) Payment to a Critical Access Hospital (CAH)*

**Note:** This article was revised to contain Web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

### Provider Types Affected

Critical Access Hospitals (CAHs) located in a PSA/HPSA area and billing for Medicare Fiscal Intermediaries (FIs) for physician services

### Provider Action Needed



#### **STOP – Impact to You**

This article includes information from Change Request (CR) 3790, which states that Medicare will pay an additional 5 percent bonus payment to physicians who render service in a Critical Access Hospital (CAH) that is located in a designated PSA. Some of this information was previously supplied to CAHs in a special edition MLN Matters article, SE0453, which is available at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0453.pdf> on the CMS website.

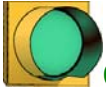


#### **CAUTION – What You Need to Know**

The MMA also extended the HPSA provision to include a 10 percent bonus for mental health physicians (psychiatrists) services rendered in a CAH that is located in a HPSA. Additional clarifications/additions in CR3790 include: 1) reassignment of billing rights from 855I to 855R, 2) a new modifier for non-participating physicians, and 3) the use of appropriate modifiers for non-physician practitioners.

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### GO – What You Need to Do

Please refer to the Background and Additional Information Sections of this article for details regarding these changes.

## Background

The Social Security Act (SSA) provides for two methods of payment for outpatient CAH services. A CAH will be paid under 1) a reasonable cost method unless it elects payment under 2) an optional method, also known as Method II.

Under the Method II option, the CAH submits bills for both facility and professional services to the FI. Medicare makes payment for the facility services at the same level that would apply under the reasonable cost method (increasing to 101 percent for cost reporting periods beginning on or after January 1, 2004), but services of professionals to outpatients are paid at 115 percent of the amount that would have otherwise been paid under the physician fee schedule.

The Medicare Modernization Act of 2003 (MMA, Section 405) amended the SSA by specifying that the Centers for Medicare & Medicaid Services (CMS) may not require, as a condition for a CAH to make an election of the optional method of payment (Method II), that each physician or other practitioner providing professional services in the CAH assign billing rights to the CAH with respect to the services. However, the optional payment method does not apply to those physicians and practitioners who have not assigned such billing rights.

Change Request (CR) 3790 (and this article) address procedures relating to CAHs (TOB 85X) that have elected the optional payment methodology (Method II).

These changes have been established with the passage of the MMA (Sections 413a and 413b) that creates additional incentive payments for certain physician scarcity areas and mental health areas. The MMA (Section 413a) requires that an additional 5 percent bonus payment be made to physicians in designated physician scarcity areas. **This bonus is in addition to the amount of payment that would be made for services rendered by physicians.**

Physician scarcity designations will be based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in every county. In addition, physician scarcity areas will be identified based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in each identified rural census tract.

**Based on the amount actually paid (not the Medicare approved payment amount for each service) Medicare will pay a 5 percent physician scarcity bonus on a quarterly basis.** A single service may be eligible for both the new physician scarcity bonus as well as the current health professional shortage area (HPSA) bonus payment. Payment will be based on the zip code of where the service was performed, and the physician scarcity bonus designations will be updated every 3 years.

**For zip codes that:**

- **Completely fall into full counties designated as HPSAs,** the MMA (Section 413b) requires that the HPSA bonus payment be automatically paid for services rendered in locations with those zip codes.

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CMS will also automatically pay a bonus for those zip codes that are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS) and for those zip codes that fully fall within partial county HPSAs. The CAHs will no longer need to include the QB or QU modifier on claims from these locations in order to receive the bonus payment for physician services.

- **Do not fall within a full county HPSA or fully within a non-full county HPSA**, the CAHs must continue to place either HCPCS modifier, QB or QU, on the claim in order to receive the bonus. In addition, the CAHs will need to submit the modifier for new designations made by the Health Resources and Services Administration (HRSA) throughout the year and for any designated areas not included in the automated file because of the cut off date of the data used. This will only be necessary if the zip code of where they provide their service is not already on the list of zip codes that will automatically receive the bonus payment. Designations can be identified by accessing the HPSA designations through the CMS Web site. The bonus will be effective for services rendered on or after the date of designation by HRSA.

Psychiatrist's services rendered in a CAH located in a primary medical care HPSA are eligible to receive bonus payments. In addition, psychiatrists rendering service in a CAH located in a mental health HPSA are eligible to receive bonus payments.

Please refer to the Medicare Claims Processing Manual (Pub. 100-04), Chapter 12 (Physician/Nonphysician Practitioners), Sections 90.4 (Billing and Payment in Health Professional Shortage Areas (HPSAs), and 90.4.9 (HPSA Incentive Payments for Physician Services Rendered in a Critical Access Hospital (CAH)), for further billing instructions on mental health HPSAs at <http://www.cms.hhs.gov/manuals/downloads/clm104c12.pdf> on the CMS website.

## Implementation

The implementation date for this instruction is July 15, 2005.

## Additional Information

Other important information conveyed in CR3790 is as follows:

- For a non-participating physician service, a CAH must place modifier AK on the claim. The intermediary should pay 95 percent of the payment amount for non-participating physician services. Calculating 95 percent of 115 percent of an amount is equivalent to multiplying the amount by a factor of 1.0925.
- Payment for non-physician practitioners will be 115 percent of the allowable amount under the physician fee schedule.
- For non-physician services, one of the following modifiers must be on the applicable line:
  - GF - Services rendered in a CAH by a Nurse Practitioner (NP), Clinical Nurse Specialist (CNS), Certified Registered Nurse (CRN) or Physician Assistant (PA). (Payment at 95 percent of the MPFS)
  - SB - Services rendered in a CAH by a Nurse Midwife. (Payment at 65 percent of the MPFS)

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- AH - Services rendered in a CAH by a Clinical Psychologist (Payment at 100 percent of the MPFS)
- AE - Services rendered in a CAH by a Nutrition Professional/Registered Dietitian (Payment at 85 percent of the MPFS)

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 <http://www.Census.gov> on the U.S. Census Bureau website.

CMS will supply files to its FIs with zip codes that cover the PSAs. If a CAH realizes that it is in a new PSA that was not so designated at the time CMS creates its annual PSA file, the CAH can designate the PSA by using the AR modifier on such claims.

Also, CAHs that have elected method II should supply their FI with a list of their physicians, by specialty, that have reassigned their payment to the CAH. Your FI will determine which physicians are eligible for the primary care bonus and which should receive the specialty bonus. A HCPCS accompanying the AG modifier denotes a primary physician, and one with the AF modifier denotes a specialty physician.

Remember that FIs will only pay the bonus for primary care designations of General Practice, Family Practice, Internal Medicine, and Obstetrics/Gynecology, for the zip codes designated as primary care scarcity areas. The FIs will only pay the bonuses for physician provider specialties, other than Oral Surgery (dentists only), Chiropractic, Optometry, and Podiatry, for the zip codes designated as specialty physician scarcity areas.

Quarterly payments should be made to CAHs, where applicable, one month after the close of a quarter.

For complete details, please see the official instruction issued to your intermediary regarding this change. That instruction may be viewed by going to

<http://www.cms.hhs.gov/transmittals/downloads/R523CP.pdf> on the CMS website.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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