

CMS Manual System	Department of Health & Human Services (CMS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1434	Date: FEBRUARY 5, 2008
	Change Request 5937

Subject: Extension of the Dates of Service Eligible for the Physician Scarcity Area (PSA) Bonus Payment

I. SUMMARY OF CHANGES: Section 413(a) of the Medicare Modernization Act (MMA) of 2003 required CMS to pay a 5 percent bonus payment to physicians in a designated PSA. The initial effective period of the PSA bonus payment was for dates of service January 1, 2005 through December 31, 2007. The Medicare, Medicaid, and State Children’s Health Insurance Program (SCHIP) Extension Act of 2007 amended §1833(u)(1) of the Social Security Act, extending the PSA bonus payment through June 30, 2008. Fiscal Intermediaries, A/B MACs and FISS will implement this Change Request (CR) on January 7, 2008. Carriers and A/B MACs will implement this CR no later than 30 days from issuance.

New / Revised Material

Effective Date: January 1, 2008

Implementation Date: For Carriers and A/B MACs Processing Part B Claims, No later than 30 days from Issuance;

For Fiscal Intermediaries and A/B MACs Processing Part A Claims, January 7, 2008

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. 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: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	4/250/250.2.1/Billing and Payment in a Physician Scarcity Area (PSA)
R	4/250/250.2.2/Zip Code Files
R	12/90/90.5/Billing and Payment in a Physician Scarcity Area (PSA)
R	12/90/90.5.2/Identifying Physician Scarcity Area Locations

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to

be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1434	Date: February 5, 2008	Change Request: 5937
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SUBJECT: Extension of the Dates of Service Eligible for the Physician Scarcity Area (PSA) Bonus Payment

Effective Date: January 1, 2008

Implementation Date: For Carriers and A/B MACs Processing Part B Claims--No later than 30 days from Issuance;
For Fiscal Intermediaries and A/B MACs Processing Part A Claims—
January 7, 2008

I. GENERAL INFORMATION

A. Background: Section 413(a) of the Medicare Modernization Act of 2003 (MMA) required CMS to pay a 5 percent bonus to physicians in a designated PSA. The initial effective period for the payment of the PSA bonus was for dates of service from January 1, 2005, through December 31, 2007. The purpose of this Change Request (CR) is to inform contractors that the dates of service eligible for the payment of the PSA bonus have been extended through June 30, 2008. Upon implementation of this CR, A/B MACs and carriers shall take any necessary action to identify services eligible for the bonus payment that were not accounted for prior to the implementation of this CR for dates of service on or after January 1, 2008.

B. Policy: The Medicare, Medicaid, and State Children’s Health Insurance Program (SCHIP) Extension Act of 2007 amended §1833(u)(1) of the Social Security Act, extending the payment of the PSA bonus for dates of service through June 30, 2008. The primary care and specialty care scarcity areas in effect on December 31, 2007, will be used for 2008 services.

II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5937.1	Contractors shall set the PSA termination date for the HPSA/Physician Scarcity Information to 063008.						X	X			
5937.2	Contractors shall set the PSA termination date for the Off-site Clinic Outpatient Department Zip Code and HPSA/PSA Eligibility Information to 063008.						X				
5937.3	Contractors shall set the PSA termination date for the AR modifier use eligibility information to 063008.						X				
5937.4	Contractors shall extend payment of the PSA bonus based on submission of the AR modifier for claims with dates of service through June 30, 2008.	X			X		X				
5937.4.1	For claims with dates of service on or after January 1,	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	2008, and prior to the implementation date of this CR, that are processed prior to the implementation date of this CR, contractors shall take necessary action to identify claims that physicians continued to submit with the AR modifier in order to include those claims in the calculation when they make the first quarterly bonus payment of 2008.										
5937.4.2	When brought to their attention, contractors shall re-open and re-process claims with dates of service on or after January 1, 2008, that are processed prior to the implementation date of this CR in order to include the AR modifier so that the bonus payment can be appropriately made.	X			X						
5937.5	Until further notice from CMS, contractors shall continue to pay PSA bonuses only for dates of service January 1, 2005, through June 30, 2008, whether the bonus is requested through submission of a modifier or is made through an automated payment based on ZIP code.	X		X	X						
5937.6	Contractors shall use the primary care areas and specialty care scarcity areas in effect on December 31, 2007, for physician services.	X		X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5937.7	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	would benefit their provider community in billing and administering the Medicare program correctly.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): FI/AB MAC Claims Processing Issues: Susan Guerin at susan.guerin@cms.hhs.gov or 410-786-6138 or Carrier Processing Issues: Leslie Trazzi at leslie.trazzi@cms.hhs.gov

Post-Implementation Contact(s): Appropriate Regional Office

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs) use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: For Medicare Administrative Contractors (MACs), use the following statement:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Medicare Claims Processing Manual

Chapter 4 - Part B Hospital

(Including Inpatient Hospital Part B and OPPTS)

250.2.1 - Billing and Payment in a Physician Scarcity Area (PSA)

(Rev. 1434; Issued: 02-05-08; Effective: 01-01-08; Implementation: 01-07-08)

Section 413a of the MMA 2003 requires that a new 5 percent bonus payment be established for physicians in designated physician scarcity areas. The payment should be made on a quarterly basis and placed on the quarterly report that is now being produced for the HPSA bonus payments.

Section 1861(r)(1), of the Act, defines physicians as doctors of medicine or osteopathy. Therefore, dentists, chiropractors, podiatrists, and optometrists are not eligible for the physician scarcity bonus as either primary care or specialty physicians. Only the primary care designations of general practice, family practice, internal medicine, and obstetrics/gynecology, will be paid the bonus for the zip codes designated as primary care scarcity areas. All physician provider specialties are eligible for the specialty physician scarcity bonus except the following: oral surgery (dentist only); chiropractic; optometry; and podiatry. The bonus is *payable for dates of service January 1, 2005, through December 31, 2007. The Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 amended §1833(u)(1) of the Social Security Act and has extended payment of that bonus through June 30, 2008.*

One of the following modifier(s) must accompany the HCPCS code to indicate type of physician:

AG – Primary Physician

AF – Specialty Physician

Modifiers AG and AF are not required for dates of service on or after January 1, 2005. Modifier AR, physician providing services in a physician scarcity area, may be required for claims with dates of service on or after January 1, 2005 to receive the PSA bonus. Refer to §250.2.2 of this chapter for more information on when modifier AR is required.

There may be situations when a CAH is not located in a bonus area but its outpatient department is in a designated bonus area, or vice versa. If a CAH has an off-site outpatient department/clinic the off-site department's complete address, including the zip code, must be placed on the claim as the service facility. The FISS must look at the service facility zip code to determine if a bonus payment is due.

For electronic claims, the service facility address should be in the 2310E loop of the 837I. On the hard copy UB-04 the address should be placed in "Remarks"; however, the zip code placement will be determined by the FI.

250.2.2 - Zip Code Files

(Rev. 1434; Issued: 02-05-08; Effective: 01-01-08; Implementation: 01-07-08)

The CMS provided a file of zip codes for payment for the primary care and specialty physician scarcity bonus. The file is effective for claims with dates of service January 1, 2005 through June 30, 2008.

Prior to January 1, 2005, CMS posted on its Web site zip codes that are eligible for the bonus payment. Through regularly scheduled bulletins and list serves, intermediaries must notify the CAH to verify their zip code eligibility via the CMS Web site.

Effective January 1, 2005, the HPSA bonus designations will be updated annually and will be effective for services rendered with dates of service on or after January 1 of each calendar year beginning January 1, 2005, through December 31, 2005. Once the annual designations are made, no interim changes will be made to account for HRSA updates to designations throughout the year. (Effective January 1, 2005, CAHs will no longer have to notify the FI of their HPSA designation). Designations of new HPSAs during a calendar year will be included in the next annual update. However, should a CAH become designated as a HPSA area after the annual update through the HRSA Web site or other method of notification, the bonus payment can be made for qualified physician services. The CAH will have to notify the intermediaries of their change in status.

The contractors and standard systems will be provided with a file at the appropriate time prior to the beginning of the calendar year for which it is effective. This file will contain zip codes that fully and partially fall within a HPSA bonus area for both mental health and primary care services. After the implementation of this new process, a recurring update notification will be issued for each annual update. Contractors will be informed of the availability of the file and the file name via an email notice.

Contractors will automatically pay bonuses for services rendered in zip code areas that: 1) fully fall within a designated primary care or mental health full county HPSA; 2) are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS); or 3) are fully within a non-full county HPSA area. Should a zip code fall within both a primary care and mental health HPSA, only one bonus will be paid on the service. Bonuses for mental health HPSAs will only be paid when performed by psychiatrists.

For services rendered in zip code areas: 1) that do not fall within a designated full county HPSA; 2) are not considered to fall within the county based on a determination of dominance made by the USPS; or 3) are partially within a non-full county HPSA, the CAH must still submit a QB or QU modifier to receive payment for claims with dates of service prior to January 01, 2006. Effective for claims with dates of service on or after January 01, 2006, the modifier AQ, Physician providing a service in a Health Professional Shortage Area (HPSA), must be submitted. To determine whether a modifier is needed, the CAH must review the information provided on the CMS Web site for HPSA designations to determine if their location is, indeed, within a HPSA bonus area.

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 the U.S. Census Bureau Web site at www.Census.gov.

For services with dates of service prior to January 1, 2005, CAHs must indicate that the services were provided in an incentive-eligible rural or urban HPSA by using one of the following modifiers:

- QB - physician providing a service in a rural HPSA; or
- QU - physician providing a service in an urban HPSA.

The required format for the quarterly report:

Quarterly HPSA and Scarcity Report for CAHs

Provider Number	Beneficiary HICN	DCN	Rev. Code	HCPCS	LIDOS	Line Item Payment Amount	10% of Line Payment Amount	5% of Line Payment Amount
123456 (Effective May 23, 2007 this number will be for CMS use only. FIs are required to use the providers NPI.) 1122334455	Abcdefghijk	xxxxxxxxxx	xxx	12345	3/2/03	\$1000.00	\$100.00	\$50.00
789012 (Effective May 23, 2007 this number will be for CMS use only. FIs are required to use the providers NPI.) 2233445566	Lmnopqrstu		xxx	67890	10/30/02	\$5378.22	\$537.82	\$268.91

Use the information in the Professional Component/Technical Component (PC/TC) indicator field of the CORF extract of the Medicare Physician Fee Schedule Supplementary File to identify professional services eligible for HPSA and physician scarcity bonus payments. The following are the rules to apply in determining whether to pay the bonus on services furnished within a geographic HPSA billed with a QB or QU modifier for dates of service prior to January 01, 2006 or the AQ modifier for services on

or after January 01, 2006, and/or whether to pay the bonus on services furnished within a Physician Scarcity Area with the AR modifier effective for dates of service January 01, 2005, *through June 30, 2008*.

(Field 20 on the full MPFS file layout)

PC/TC Indicator	Bonus Payment Policy
0	<p>Physician services. The concept of PC/TC does not apply since physician services cannot be split into professional and technical components.</p> <p>ACTION: Pay the bonus</p>
1	<p>Globally billed. Only the professional component of this service qualifies for the bonus payment. The bonus cannot be paid on the technical component of globally billed services.</p> <p>ACTION: Return the service as unprocessable and notify the CAH that the professional component must be re-billed if it is performed within a qualifying bonus area. If the technical component is the only component of the service that was performed in the bonus area, there wouldn't be a qualifying service.</p>
1	<p>Professional Component (modifier 26).</p> <p>ACTION: Pay the bonus.</p>
1	<p>Technical Component (modifier TC).</p> <p>ACTION: Do not pay the bonus.</p>
2	<p>Professional Component only.</p> <p>ACTION: Pay the bonus.</p>
3	<p>Technical Component only.</p> <p>ACTION: Do not pay the bonus.</p>
4	<p>Global test only. Only the professional component of this service qualifies for the bonus payment.</p> <p>ACTION: Return the service as unprocessable. Instruct the provider to re-bill the service as separate professional and technical component procedure codes.</p>
5	<p>Incident to codes.</p> <p>ACTION: Do not pay the bonus.</p>

PC/TC Indicator	Bonus Payment Policy
6	Laboratory physician interpretation codes. ACTION: Pay the bonus
7	Physical therapy service. ACTION: Do not pay the bonus.
8	Physician interpretation codes. ACTOIN: Pay the bonus.
9	Concept of PC/TC does not apply. ACTION: Do not pay the bonus.

NOTE: Codes that have a status of “X” on the CORF extract Medicare Physician Fee Schedule Database (MFSDB) have been assigned PC/TC indicator 9 and are not considered physician services for MFSDB payment purposes. Therefore, neither the HPSA bonus nor the physician bonus payment (5 percent) will be paid for these codes.

Medicare Claims Processing Manual

Chapter 12 – Physicians/Nonphysicians Practitioners

90.5 – Billing and Payment in a Physician Scarcity Area (PSA)

(Rev. 1434; Issued: 02-05-08; Effective: 01-01-08; Implementation: 01-07-08)

Section 413a of the MMA requires that a 5 percent bonus payment be established for physicians in designated physician scarcity areas *for dates of service January 1, 2005, through December 31, 2007. The Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 amended §1833(u)(1) of the Social Security Act and has extended payment of that bonus through June 30, 2008.* 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, based on rural census tracts of metropolitan statistical areas identified through the latest modification of the Goldsmith Modification (i.e., Rural-Urban Commuting Area Codes), additional 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 area.

90.5.2 – Identifying Physician Scarcity Area Locations

(Rev. 1434; Issued: 02-05-08; Effective: 01-01-08; Implementation: 01-07-08)

The CMS shall provide to the standard systems and carriers a file of zip codes for the automated payment of the primary care and specialty physician scarcity bonus. The file will be effective for claims with dates of service on or after January 1, 2005, through December 31, 2007. Carriers and shared systems will be notified by e-mail of the name of the file and when it will be available for downloading.

The Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 amended §1833(u)(1) of the Social Security Act and has extended payment of the Physician Scarcity Area bonus through June 30, 2008, using the same file used for prior years.