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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 157

Date: APRIL 30, 2004

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CHANGE REQUEST 3223

**I. SUMMARY OF CHANGES:** This Change Request (CR) initiates the Implementation of the Analysis and Design Phases of the Physician Scarcity Bonus. Section 413(a) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires that a new 5 percent bonus payment be established for physicians in designated physician scarcity areas. Due to the large number of hours that will be required for the Multi Carrier Systems (MCS) to implement this CR, the action described in this CR will be completed over 2 releases for the MCS standard system and associated carriers. This CR implements the implementation and design phases of the CR for the October release. A separate CR will be released to implement the coding, testing, and implementation phases with the January release for MCS. A separate CR will also be released instructing VIPS to implement the physician scarcity bonus payment for the January release.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005**

**\*IMPLEMENTATION DATE: October 4, 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: (N/A if manual not updated.)**

**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	12/Table of Contents
N	12/90.5 /Billing and Payment in a Physician Scarcity Area
N	12/90.5.1/Provider Education
N	12/90.5.2 /Identifying Physician Scarcity Area Locations
N	12/90.5.3/Claims Coding Requirements
N	12/90.5.4/Payment
N	12/90.5.5/ Services Eligible for the Physician Scarcity Bonus
N	12/90/5.6/Administrative and Judicial Review

**\*III. FUNDING:**

**Funding is available through the regular budget process for costs required for implementation.**

**IV. ATTACHMENTS:**

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

**\*Medicare contractors only**

## Attachment - Confidential

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### **SUBJECT: Implementation of the Analysis and Design Phases of the Physician Scarcity Bonus**

#### **I. GENERAL INFORMATION**

**A. Background:** Enactment of Section 413(a) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires CMS to develop a new physician scarcity bonus. Due to the large number of hours that will be required for MCS to implement this CR, the action described in this CR will be completed over 2 releases for the Multi Carrier Systems (MCS) standard system and associated carriers. This CR implements the implementation and design phases of the CR for the October release. A separate CR will be released to implement the coding, testing, and implementation phases with the January release for MCS. A separate CR will also be released instructing VIPS to implement the physician scarcity bonus payment for the January release.

**B. Policy:** Section 413(a) of the MMA requires that a new 5 percent bonus payment be established for physicians in designated physician scarcity areas. Medicare will automatically pay this new bonus on a quarterly basis without the need for a modifier on the claim.

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 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. The physician scarcity bonus designations will be effective for claims with dates of service on or after January 1, 2005, through December 31, 2007.

**NOTE:** Effective April 1, 2004, the zip code of where a service is rendered is required to be entered on all paper and X12 837 format electronic claims for services paid under the Medicare Physician Fee Schedule and anesthesia services. This change was not required for national standard format (NSF) electronic claims. For NSF format electronic claims, when POS is home or office, or an anesthesia service is submitted, the carriers and shared system will determine the zip code of the service facility location in the same

way they currently do for jurisdiction. They will then compare that zip code to the list of zip codes eligible for the bonus as they will do for other electronic claims.

**C. Provider Education:** None. Provider education for the physician scarcity bonus payment program will be released with the follow up CR that will implement the coding, testing, and implementation phases with the January release.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
3223.1	CMS shall provide 1 file of zip codes for payment of the physician scarcity bonus to the shared systems and carriers that will include both primary care and specialty care designations.	CMS
3223.1.1	The file will have indicators next to the zip codes marking the zip code as eligible for a primary care physician scarcity bonus, a specialty physician scarcity bonus, or both.  Primary care physician scarcity bonus = 1 Specialty physician scarcity bonus = 2 Both = 3	CMS
3223.1.2	The file layout will be as follows: Positions 1-5 = zip code Position 6-9 = zip extension Position 10 = filler Position 11 = indicator	CMS
3223.1.3	The file issued initially will be effective for claims with dates of service January 1, 2005 through December 31, 2007.	CMS
3223.1.3.1	The file will be made available on the CMS Mainframe. Carriers and shared systems will be notified by e-mail of the name of the file and when it will be available for downloading. Instructions will be provided for retrieving the file to the local sites.	CMS
3223.1.4	Systems shall be coded as necessary in order to maintain an active file for the current period as well as 2 years of prior data so that the bonus can be paid based on date of service.	MCS shared system, MCS carriers
3223.1.4.1	Systems shall be coded so that files for the periods prior to the three active periods can be archived for reference purposes.	MCS shared system, MCS carriers

3223.1.5	Systems shall be coded to be able to accept changes to the file to accommodate any unforeseen corrections that may be necessary during the period of validity of the file.	MCS shared system, MCS carriers
3223.2	The carriers shall load the physician scarcity bonus file into their systems in such a manner that when claims are received, they can compare the zip code of where the service was performed to the lists of physician scarcity bonus zip codes and identify services that are eligible for the bonus payment.	MCS shared system
3223.2.1	The shared systems/carriers shall only pay the bonus for the provider specialty designations of General Practice - 01, Family Practice - 08, Internal Medicine - 11, Obstetrics/Gynecology – 16 for the zip codes designated as primary care scarcity areas.	MCS shared systems, MCS carriers
3223.2.2	The shared systems/carriers shall pay the bonus for all physician provider specialties other than General Practice - 01, Family Practice - 08, Internal Medicine - 11, Obstetrics/Gynecology – 16, 19 – Oral Surgery (dentists only), 35 – Chiropractic, 41 – Optometry, and 48 – Podiatry, for the zip codes designated as specialty physician scarcity areas.	MCS shared systems, MCS carriers
3223.2.3	For NSF format electronic claims, carriers/shared systems shall pay the physician scarcity bonus.	MCS Carriers, MCS shared systems
3223.2.3.1	For NSF format electronic claims, for place of service home and office, carriers and shared systems shall determine the zip code for the service facility location as they currently do for determination of jurisdiction.	MCS Carriers, MCS shared systems
3223.2.3.2	For NSF format electronic claims, once the zip code is determined, carriers and shared systems shall compare it to the list of zip codes eligible for the physician scarcity bonus.	MCS Carriers, MCS shared systems
3223.3	The shared systems shall identify eligible physician services for the physician scarcity bonus in the same manner that they currently do for the HPSA bonus payment per Pub. 100-04, Chapter 12, Section 90.4.5.	MCS shared systems
3223.3.1	The carrier shall make a quarterly 5 percent bonus payment to the physician based on the amount actually paid, not the Medicare approved amount of the service.	MCS shared system, MCS carriers

3223.3.1.2	The carriers/shared systems shall revise the special HPSA remittance that is forwarded with the bonus check to indicate that the check includes a HPSA and/or physician scarcity bonus.	MCS shared system, MCS carriers
3223.3.2	A single payment shall be made for both the physician scarcity bonus and the HPSA bonus payment.	MCS shared system, MCS carriers
3223.3.2.1	This change request does not impact the HIGLAS system. The normal process for bonus payments shall continue. The MCS shared system shall send HIGLAS 810 Invoice for bonus invoices. A provider's HPSA and Scarcity bonus shall be combined into one bonus invoice per provider. The MCS shared system shall receive HIGLAS 835 Payment file from HIGLAS, showing a single bonus payment per provider.	MCS standard system, MCS Carriers (who are on HIGLAS)
3223.3.2.2	When the bonus payment is made, physicians must be able to identify which type of bonus, (HPSA or physician scarcity), was paid for which service.	MCS shared system, MCS carriers
3223.4	All applicable systems shall be modified to accept a new HPSA/Physician Scarcity Indicator on the claim line. The shared systems shall forward the indicator to CWF for posting to National Claims History.	MCS shared system, MCS carriers, Common Working File, National Claims History
3223.4.1	Once the type of bonus/bonuses have been identified by the shared system, the shared system shall modify their systems to set the HPSA/Scarcity Indicator on the claim line as follows:  1 = HPSA 2 = Scarcity 3 = Both Space = not applicable	MCS shared system
3223.5	There shall be no administrative or judicial review regarding the identification of a county or area; the assignment of a physician to a county; the assignment of a specialty of any physician; and/or the assignment of a postal zip code to a county or other area.	CMS MCS Carriers
3223.6	Upon publication of the final rule for the Medicare Physician Fee Schedule, CMS shall post a page on their Web site with a list of the	CMS

	zip codes eligible for the primary care and specialty physician scarcity bonus.	
3223.6.1	Carriers must notify physicians about the date of availability of the CMS Web site within 30 days of issuance of this CR.	MCS carriers

### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

X-Ref Requirement #	Instructions
CR 3215	Implementation of the Analysis and Design Phases of the Revision to the Health Professional Shortage Area (HPSA) Bonus Payment

#### 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: **This CR must be implemented with the associated CR, Implementation of the Analysis and Design Phases of the Revision to the Health Professional Shortage Area (HPSA) Bonus Payment** in order to achieve some economies of standard systems hours required.

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

### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> January 1, 2005</p> <p><b>Implementation Date:</b> October 4, 2004</p> <p><b>Pre-Implementation Contact(s):</b> Bridgitte Davis, 64573, Cynthia Glover, 62589</p> <p><b>Post-Implementation Contact(s):</b> Regional Office</p>	<p>These instructions shall be implemented within your current operating budget.</p>
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# Medicare Claims Processing Manual

## Chapter 12 - Physicians/Nonphysician Practitioners

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*(Rev. 157, 04-30-04)*

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*90.5.4 - Payment*

*90.5.5 - Services Eligible for the Physician Scarcity Bonus*

*90.5.6 - Administrative and Judicial Review*



## **90.5 – Billing and Payment in a Physician Scarcity Area**

**(Rev. 157, 04-30-04)**

*Section 413a of the MMA requires that a new 5 percent bonus payment be established for physicians in designated physician scarcity areas. Medicare will automatically pay this new bonus on a quarterly basis without the need for a modifier on the claim.*

*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 tract.*

### **90.5.1 – Provider Education**

**(Rev. 157, 04-30-04)**

*Upon publication of the final rule of the 2005 Medicare Physician Fee Schedule, CMS will post on its Web site zip codes that are eligible for the physician scarcity bonus payment.*

### **90.5.2 – Identifying Physician Scarcity Area Locations**

**(Rev. 157, 04-30-04)**

*The CMS shall provide to the standard systems and carriers a file of zip codes for 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.*

### **90.5.3 – Claims Coding Requirements**

**(Rev. 157, 04-30-04)**

*Medicare will automatically pay the Physician Scarcity bonus on a quarterly basis. No special billing instructions are needed.*

### **90.5.4 - Payment**

**(Rev. 157, 04-30-04)**

*Section 413a of the MMA adds subsection (u)(6) to Section 1833 of the Act. For the payment of the physician scarcity bonus, this section defines physicians as doctors of medicine or osteopathy described per Section 1861(r)(1). Therefore, dentists, chiropractors, podiatrists, and optometrists are not eligible for the physician scarcity bonus as either primary care or specialty physicians.*

*Only the provider specialty designations of General Practice - 01, Family Practice - 08, Internal Medicine - 11, and Obstetrics/Gynecology – 16, will be paid the bonus for the zip codes designated as primary care scarcity areas. All other physician provider specialties will be eligible for the specialty physician scarcity bonus for the zip codes designated as specialty physician scarcity areas.*

*The bonus is to be paid based on date of service. Accommodations must be made in payment systems to maintain an active file for a current period as well as an active file for a previous period so that the bonus can be paid based on date of service. Also, the carriers and standard systems maintainers shall program systems to be able to maintain files for the periods prior to the two active periods as an archive for reference purposes.*

### ***90.5.5 – Services Eligible for the Physician Scarcity Bonus***

***(Rev. 157, 04-30-04)***

*Eligible physician services for the physician scarcity bonus are identified in the same manner that they are currently identified for the HPSA bonus payment per Pub. 100-4, Chapter 12, Section 90.4.5A and B. A quarterly 5% bonus payment is made to the physician based on the amount actually paid, not the Medicare approved amount of the service.*

### ***90.5.6 - Administrative and Judicial Review***

***(Rev. 157, 04-30-04)***

*Per section 413(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, there shall be no administrative or judicial review respecting:*

- The identification of a county or area;*
- The assignment of a specialty of any physician;*
- The assignment of a physician to a county; or*
- The assignment of a postal zip code to a county or other area.*