CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 608

Department of Health & Human Services

Centers for Medicare & Medicaid Services

Date: JULY 22, 2005

Change Request 3935

SUBJECT: New Health Professional Shortage Area (HPSA) Modifier

I. SUMMARY OF CHANGES: This Change Request end dates the current HPSA modifiers and creates one new modifier for dates of service on or after January 01, 2006.

NEW/REVISED MATERIAL :
EFFECTIVE DATE : January 01, 2006
IMPLEMENTATION DATE : January 03, 2006

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	4/250/250.2.2/Zip Code Files
R	12/90/90.4.1/Provider Education
R	12/90/90.4.3/Claims Coding Requirements
R	12/90/90.4.5/Services Eligible for HPSA and Physician Scarcity Bonus Payments
R	12/90/90.4.7/Post-payment Review
R	12/90/90.4.9/HPSA Incentive Payments for Physician Services Rendered in a Critical Access Hospital (CAH).

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 608	Date: July 22, 2005	Change Request 3935

SUBJECT: New Health Professional Shortage Area (HPSA) Modifier

I. GENERAL INFORMATION

A. Background: With the implementation of the automated HPSA bonus payment per Section 413(b) of the MMA, we can no longer distinguish between urban and rural HPSAs. We, therefore, are end-dating the two modifiers that make that distinction and creating one new modifier for HPSA.

B. Policy: Effective for claims with dates of service on or after January 1, 2006, the QB and QU modifiers will no longer be accepted. Claims with prior dates of service must still be submitted with those modifiers. The AQ modifier, Physician providing a service in a Health Professional Shortage Area (HPSA), will be effective for claims with dates of service on or after January 1, 2006.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3935.1	Contractors shall make any necessary revisions to their systems to accept/recognize the AQ modifier effective for claims with dates of service on or after January 1, 2006.	X		X		X	X		X	
3935.2	Contractors shall continue to accept the QB and QU modifiers for claims with dates of service prior to January 1, 2006.	X		X		X	X		X	
3935.2.1	If there is a front end edit already in place to reject claims submitted with modifiers inappropriate to the dates of service, contractors shall follow current processes.	X		X		X	X			

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3935.2.2	If no such front end edit is already in place, contractors shall not reject or "return to provider" claims submitted with the QB or QU modifier with dates of service on or after January 1, 2006, or the AQ modifier for claims with dates of service prior to January 1, 2006. However, they shall not pay a bonus.	X		X		X	X			
3935.3	Contractors shall make any necessary revisions to their systems to pay the HPSA bonus, when appropriate, based on the AQ modifier for claims with dates of service on or after January 1, 2006.	X		X		X	X			
3935.4	Contractors shall make any necessary revisions to their systems due to the new modifier to be able to accumulate data for quarterly reporting on the CROWD Form CMS-1565E.			X			X			
3935.5	Contractors shall make any necessary revisions due to the new modifier for quarterly reporting per Chapter 4, Section 250.2.2.	X				X				

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3935.6	A provider education article related to this instruction will be available at 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, or a direct	X		X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
	link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.									

IV. 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

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 01, 2006 **Implementation Date:** January 3, 2006 **Pre-Implementation Contact(s):** leslie.trazzi@cms.hhs.gov **Post-Implementation Contact(s):** Appropriate Regional Office	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

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

250.2.2 - Zip Code Files

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

The CMS shall provide a file of zip codes for payment for 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. Contractors will be notified by e-mail of the name of the file and when it will be available for downloading.

Prior to January 1, 2005, CMS will post 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	Abcdefghijk	xxxxxxxxx	xxx	12345	3/2/03	$1000.00	$100.00	$50.00
789012	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 on or after January 01, 2005.*

(Field 20 on the full MPFS file layout)

PC/TC Indicator	Bonus Payment Policy
0	Physician services. The concept of PC/TC does not apply since physician services cannot be split into professional and technical components.

PC/TC Indicator	Bonus Payment Policy
	ACTION: Pay the bonus
1	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. 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.
1	Professional Component (modifier 26). ACTION: Pay the bonus.
1	Technical Component (modifier TC). ACTION: Do not pay the bonus.
2	Professional Component only. ACTION: Pay the bonus.
3	Technical Component only. ACTION: Do not pay the bonus.
4	Global test only. Only the professional component of this service qualifies for the bonus payment. ACTION: Return the service as unprocessable. Instruct the provider to re-bill the service as separate professional and technical component procedure codes.

PC/TC Indicator	Bonus Payment Policy
5	Incident to codes. ACTION: Do not pay the bonus.
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.

90.4.1 – Provider Education

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

Prior to 2005, at the time carriers are notified that an area has been classified (or declassified) as a HPSA, they inform the applicable physician community of the status of the area, the requirements for eligibility for the incentive payment, and the mechanism for claiming payment. To assure that all physicians understand these requirements, carriers publish a general summary bulletin on an annual basis.

Effective January 1, 2005, payment files for the automated payment of the HPSA bonus payment will be developed and updated annually. Once the annual designations are made, no interim changes will be made to the automated payment files to account for HRSA updates to designations throughout the year. New designations and withdrawals of HPSA designations during a calendar year will be included in the next annual update.

For newly designated HPSA areas, physicians will be able to receive the bonus by self-designating through the use of the QB or QU modifier *for claims with dates of service prior to January 1, 2006. For claims with dates of service on or after January 1, 2006, the AQ modifier (Physician providing a service in a Health Professional Shortage Area (HPSA)) must be submitted.* They will also need to submit the modifier for any designated areas not included in the automated file due to 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. Physicians must not continue to self-designate through the use of the modifiers for HPSA designations that are withdrawn during the year, but are not part of the automated files.

Prior to the beginning of each calendar year beginning with 2005, CMS will post on its Web site zip codes that are eligible to automatically receive the bonus payment as well as information on how to determine when the modifier is needed to receive the bonus payment. Through regularly scheduled bulletins and list servs, carriers must notify all physicians to verify their zip code eligibility via the CMS Web site for the area where they provide physician services.

90.4.3 - Claims Coding Requirements

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

For services with dates of service prior to January 1, 2005, physicians must indicate that their 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.

Effective for claims with dates of service on or after January 1, 2006, the QB and QU modifiers will no longer be accepted. Claims with prior dates of service must still be submitted with those modifiers. The AQ modifier, Physician providing a service in a Health Professional Shortage Area (HPSA), will replace the QB and QU modifiers and will be effective for claims with dates of service on or after January 1, 2006.

For services with dates of service on or after January 1, 2005, the bonus will automatically be paid without the submission of a modifier for the following:

- When services are provided in a zip code area that fully falls within a full county HPSA;
- When services are provided in a zip code area that partially falls within a full county HPSA and has been determined to be dominant for the county by the USPS; and
- When services are provided within a zip code that fully falls within a partial county HPSA.

The submission of the QB or QU modifier*, or the AQ modifier for claims with dates of service on or after January 1, 2006,* will be required for the following:

- When services are provided in zip code areas that do not fully fall within a designated full county HPSA bonus area;
- When services are provided in a zip code area that partially falls within a full county HPSA but is not considered to be in that county based on the dominance decision made by the USPS;
- When services are provided in a zip code area that partially falls within a partial county HPSA; and.
- When services are provided in a zip code area that was not included in the automated file based on the date of the data run used to create the file.

In order to be considered for the bonus payment, the name, address, and zip code of where the service was rendered must be included on all electronic and paper claims submissions.

90.4.5 - Services Eligible for HPSA and Physician Scarcity Bonus Payments

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

A - Information in the Professional Component/Technical Component (PC/TC) Indicator Field of the Medicare Physician Fee Schedule Database

Carriers use the information in the Professional Component/Technical Component (PC/TC) indicator field of the Medicare Physician Fee Schedule Database 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 or, physician scarcity bonus area. Should carriers receive notification from physicians that they have chosen to forego the bonus payments, the carriers shall make no bonus payments to that physician for any service.

PC/TC Indicator	Bonus Payment Policy

PC/TC Indicator	Bonus Payment Policy
0	Pay bonus
1	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. ACTION: Effective for claims received prior to October 1, 2005, carriers return the service as unprocessable and notify the physician 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. Effective for claims received on or after October 1, 2005, carriers shall accept claims with services with a PC/TC indicator of 1 that are eligible for the HPSA or PSA bonus. They shall pay the bonus only on the professional component of the service.
1	Professional Component (modifier 26). Carriers pay the bonus.
1	Technical Component (modifier TC). Carriers do not pay the bonus.
2	Professional Component only. Carriers pay the bonus.
3	Technical Component only. Carriers do not pay the bonus.
4	Global test only. Only the professional component of this service qualifies for the bonus payment. ACTION: Carriers return the service as unprocessable. They instruct the provider to re-bill the service as separate professional and technical component procedure codes.
5	Incident to codes. Carriers do not pay the bonus.
6	Laboratory physician interpretation codes. Carriers pay the bonus.
7	Physical therapy service. Carriers do not pay the bonus.
8	Physician interpretation codes. Carriers pay the bonus.
9	Concept of PC/TC does not apply. Carriers do not pay the bonus.

NOTE: Codes that have a status of "X" on the 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 payment nor the physician scarcity area bonus payment will be paid for these codes.

B - Anesthesia Codes (CPT Codes 00100 Through 01999) That Do Not Appear on the MFSDB

Anesthesia codes (CPT codes 00100 through 01999) do not appear on the MFSDB. However, when a medically necessary anesthesia service is furnished within a HPSA or physician scarcity area by a physician, a HPSA bonus and/or physician scarcity bonus is payable.

To claim a bonus payment for anesthesia, physicians bill codes 00100 through 01999 with modifiers QY, QK, AD, AA, or GC to signify that the anesthesia service was performed by a physician along with the QB or QU modifier*, or the AQ modifier for claims with dates of service on or after January 1, 2006,* when required per §90.4.3 or the AR modifier as required per §90.5.3.

C – Mental Health Services

Physicians' professional services rendered by the provider specialty of 26 – psychiatry, are eligible for a HPSA bonus when rendered in a mental health HPSA. The service must have a PC/TC designation per the chart above. Should a zip code fall within both a primary care and mental health HPSA, only one bonus must be paid on the service.

90.4.7 – Post-payment Review

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

On a post-payment basis, services submitted with the QB or QU modifier*, or the AQ modifier for claims with dates of service on or after January 1, 2006,* will be subject to validation.

90.4.9 - HPSA Incentive Payments for Physician Services Rendered in a Critical Access Hospital (CAH)

(Rev. 608, Issued: 07-22-05; Effective: 01-01-06; Implementation: 01-03-06)

If a CAH electing the Optional Method (Method II) is located within a mental health HPSA, the psychiatrists providing (outpatient) professional services in the CAH are eligible for the Mental Health and Primary Care HPSA bonus payments. When billing for this service, the CAH must bill using Revenue code 961 plus the applicable HCPCS. This Mental Health HPSA bonus will be paid to the CAH on a quarterly basis by the FI. If an area is designated as both a mental health HPSA and a primary medical HPSA, only one 10% bonus will be paid for the service.

Refer to §250.2 in the Claims Processing Manual, *Chapter 4 for additional information.*