

FACT SHEET

Health Professional Shortage Area

The purpose of a Health Professional Shortage Area (HPSA) is to identify areas of greater need for health care services in order to direct limited healthcare professional resources to people in those areas. The HPSA designation process identifies, by ZIP code or county, areas that lack sufficient clinicians to meet the primary care needs of the residents. Qualification for Federal assistance programs, such as the Medicare HPSA bonus for physicians, is based upon the HPSA determination.

HPSA Overview:

Section 1833 (m) of the Social Security Act provides incentive payments for physicians who furnish services in areas designated as HPSAs under Section 332 (a) (1) (A) of the Public Health Service (PHS) Act.

The regulatory responsibility for designation of HPSAs rests with the Health Resources and Services Administration's (HRSA's) Bureau of Health Care, Division of Shortage Designation (DSD). The DSD developed the criteria and process to implement Section 332. The HPSA geographic area must meet the following criteria:

- (1) It must be a rational area for the delivery of health services;**
- (2) It must exceed the specified population-to-practitioner ratio that indicates shortage; and**
- (3) Health resources in surrounding areas must be shown to be over utilized, too distant, or otherwise inaccessible.**

The particular level used to indicate a shortage of primary care physicians can be found at <http://bhpr.hrsa.gov/shortage/hpsadesignation.htm> on the HRSA website.

In addition to these general HPSA designation criteria, the website offers criteria that define dental and mental health HPSAs. Together, they contain the particular levels used to indicate a shortage of primary medical care physicians, dentists, and mental health professionals in a given area.

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Medicare Health Professional Shortage Area (HPSA) Bonus Payments

The Centers for Medicare & Medicaid Services (CMS) makes quarterly bonus payments to physicians providing care to Medicare beneficiaries who receive services in a geographic HPSA.

Health Professional Shortage Area (HPSA) Bonus Program

- Medicare pays a 10 percent bonus to physicians providing eligible services to Medicare beneficiaries who receive services in HPSAs.
- Only the professional services of a physician are eligible for the bonus. If a service has both a professional and a technical component, only the professional component qualifies.
- Effective January 1, 2005, the HPSA bonus is paid automatically to physicians who provide care in ZIP code areas that:
 - *Fall entirely in a county designated as a full-county HPSA;*
 - *Fall entirely within the county, through a determination of dominance by the U.S. Postal Service; or*
 - *Fall entirely within a partial county HPSA.*
- Physicians who provide care in ZIP code areas that do not fall entirely within a full county HPSA or partial county HPSA must enter the **AQ** modifier on the claim to receive the bonus.



- Physicians will need to enter the AQ modifier in the following specific instances:
 - *Services were provided in ZIP code areas that do not fall entirely within a designated full county HPSA bonus area;*
 - *Services were provided in a ZIP code area that falls partially within a full county HPSA but is not considered to be in that county based on the USPS dominance decision;*
 - *Services were provided in a ZIP code area that falls partially within a non-full county HPSA; or*
 - *Services were provided in a ZIP code area that was not included in the automated file of HPSA areas based on the date of the data used to create the file.*
- Physicians can determine whether they qualify to receive the bonus payment automatically by visiting http://www.cms.gov/HPSAPSAPhysicianBonuses/01_Overview.asp and selecting the appropriate year ZIP code file at the bottom of the web page. CMS creates a new automated HPSA bonus payment file and provides it to Medicare contractors (carriers and Medicare Administrative Contractors (MACs)) in early December of each year.
- Only services provided in areas that were designated as of December 31 of the prior year, but not on the automated file, may use the modifier. Services provided in areas that are designated throughout the year will continue to be eligible through the end of the calendar year.
- Physicians may also base their determinations on letters of determinations received from HRSA.
- For services provided in ZIP code areas that do not automatically receive the bonus, physicians must determine whether a HPSA modifier should be submitted. For step-by-step instructions, use the “Welcome Guide for Using the HPSA/PSA” at <http://www.cms.gov/HPSAPSAPhysicianBonuses/Downloads/instructions.pdf> on the HRSA website.
- Services submitted with modifiers will be subject to post-payment review by Medicare contractors.
- Psychiatrists who furnish services in mental health HPSAs are eligible to receive a HPSA bonus for claims with dates of service on or after July 1, 2004. These bonuses will only be paid when performed by the provider specialty of 26. If a ZIP code falls within both a primary care and mental health HPSA, only one HPSA bonus will be paid on the service.
- Physicians (including psychiatrists) who furnish care in a Method II Critical Access Hospital (CAH) that is located within a geographic based primary medical care HPSA, and psychiatrists who furnish care in a CAH that is located in a geographic based mental health HPSA, are eligible for the HPSA incentive bonus for outpatient professional services. If the physician has reassigned their billing rights to the Method II CAH, the Method II CAH will receive the bonus payment.

Some points to remember:

- Medicare Carrier and MACs will continue to base the bonus on the amount the physician was actually paid (not the Medicare approved payment amount for each service), and will pay the ten-percent bonus quarterly.
- To be considered for the bonus payment, physicians must include the name, address, and ZIP code of the location where the service was rendered on all electronic and paper claim submissions.
- Only services provided in a primary care HPSA or a mental health HPSA qualify for the bonus.
- Physicians should verify the eligibility of their area for a bonus before submitting services with a HPSA modifier for areas they think may still require the submission of a modifier to receive the bonus.
- Services submitted with the AQ modifier will be subject to validation by Medicare.





Related Links Inside CMS

The HPSA/PSA Physician Bonuses Resource web page, which contains the annual HPSA ZIP code lists from 2008 through 2011 and other HPSA-related information, can be found at http://www.cms.gov/HPSAPSAPhysicianBonuses/01_Overview.asp on the CMS website.

The “Welcome Guide for Using the HPSA/PSA Web Page,” which includes instructions for determining whether certain services are eligible for the bonus payment, can be found at <http://www.cms.gov/HPSAPSAPhysicianBonuses/Downloads/instructions.pdf> on the CMS website.

Provisions to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) (Section 413) can be found at <http://www.cms.gov/MMAUpdate/downloads/PL108-173summary.pdf> on the CMS website.

The “Medicare Claims Processing Manual,” Chapter 12, Section 90.4, Billing and Payment in Health Professional Shortage Areas can be found at <http://www.cms.gov/manuals/downloads/clm104c12.pdf> on the CMS website.

The “Medicare Claims Processing Manual,” Chapter 4, Section 250.2, Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services, can be found at <http://www.cms.gov/manuals/downloads/clm104c04.pdf> on the CMS website.

Change Request 3935, “New Health Professional Shortage Area (HPSA) Modifier,” contains implementation information on the HPSA modifier and can be found at <http://www.cms.gov/Transmittals/downloads/R608CP.pdf> on the CMS website.

Change Request 6106, “Health Professional Shortage Area (HPSA) Bonus Payment Policy Change,” contains information on the AQ modifier and can be found at <http://www.cms.gov/transmittals/downloads/R1639CP.pdf> on the CMS website.

Related Links Outside CMS

The Health Resources and Services Administration (HRSA) web page for Health Professional Shortage Areas (HPSAs) can be found <http://bhpr.hrsa.gov/shortage/> and on the U.S. Census Bureau website at <http://www.census.gov> on the Internet.

NOTE: In addition to the HPSA bonus, you may also qualify for payments under the new **Primary Care Incentive Payment Program (PCIP)**. Section 5501(a)(3) of the Affordable Care Act provides payment under the PCIP as an additional payment amount for specified primary care services without regard to any additional payment for the service under Section 1833(m) of the Social Security Act. Therefore, an eligible primary care physician furnishing a primary care service in a HPSA may receive both a HPSA physician bonus payment under the established program, and a PCIP payment under the new program beginning in Calendar Year (CY) 2011. For more information on the PCIP, see the MLN Matters(R) articles MM7060 at <http://www.cms.gov/MLNMattersArticles/downloads/MM7060.pdf> and MM7115 at <http://www.cms.gov/MLNMattersArticles/downloads/MM7115.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

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