



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Additional Payments in Physician Scarcity Areas
Da: Tuesday, Oct. 5, 2004

Under the new Medicare law, Iowa doctors in under-served areas will receive an additional \$12 million from 2005 to 2007 to serve Medicare beneficiaries, according to the American Medical Association. Sen. Chuck Grassley, chairman of the Committee on Finance and a chief architect of the Medicare law, fought for these additional payments as part of a broad effort to improve Medicare equity for rural areas. The payments are designed to preserve Medicare beneficiaries' access to doctors by encouraging doctors to continue practicing in rural areas and to recruit new physicians into shortage areas.

Iowa doctors eligible for additional payments serve in Physician Scarcity Areas and Health Professional Shortage Areas. Those doctors in Physician Scarcity Areas will receive an additional 5 percent payment. For primary care physicians, there are 588 zip codes (61 counties) in Iowa considered Physician Scarcity Areas and 735 zip codes (78 counties) that qualify as Physician Scarcity Areas for specialty physicians. Both primary care physicians and specialty physicians will receive the 5 percent bonus payment starting January 1, 2005.

In addition, the new Medicare law also extended the existing Health Professional Shortage Areas bonus program, which pays an additional 10 percent for services furnished in Health Professional Shortage Areas. There are 148 zip codes that are considered Health Professional Shortage Areas in Iowa. These payments will also start on January 1, 2005. No dollar estimate is available.

Sen. Grassley made the following comment on these important provisions.

“During the Medicare conference I fought for Medicare equity in rural areas. That fight resulted in a \$25 billion commitment to all rural providers over the next 10 years. Implementation of these bonus payments to physicians is one small step toward leveling the playing field between rural and urban areas.

“The 5 percent bonus payments provide an additional \$12 million to Iowa doctors from 2005 to 2007. These payments specifically target rural areas with a low number of doctors. I believe these additional payments will help Iowa recruit and retain quality physicians and ensure that beneficiaries in Iowa receive the quality care they deserve.”

More information is available at www.cms.hhs.gov/providers/bonuspayment.