

Overview of Sections 413 (a) and (b) of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA)

I. Overview

Sections 413 (a) and (b) of the MMA of 2003 require the creation of a new Physician Scarcity Area (PSA) bonus payment program and significant revisions to the current Health Professional Shortage Area (HPSA) bonus payment program. Implementation for the new PSA program and the revisions to the HPSA program will be effective for claims with dates of service on and after January 1, 2005.

II. PSA Bonus Program

A. Physicians will receive a 5% bonus for eligible services rendered in PSAs.

1. Definition of a PSA

A PSA is a U.S. county with a low ratio of primary care or specialty physicians to Medicare beneficiaries. Medicare will pay a new 5% bonus to the primary care and specialty physicians providing eligible services in the counties with the lowest 20% ratio of primary care or specialty physicians to Medicare beneficiaries.

To the extent that it is feasible, a rural census tract of a metropolitan statistical area (MSA), commonly known as the Goldsmith Modification area, will also be designated as a PSA. A 5% bonus will also be payable for eligible services rendered in those areas.

- a. A primary care physician is defined as a general practitioner, family practice practitioner, general internist, obstetrician, or gynecologist.
- b. A specialty care physician is defined as other than a general practitioner, family practice practitioner, general internist, obstetrician, or gynecologist.
- c. PSA designations will be effective for a three (3) year time span beginning Jan 1, 2005 – December 31, 2007. Further legislation will be needed to extend this bonus program.

B. Dentists, podiatrists, chiropractors, and optometrists are not eligible for the PSA bonus.

C. Only physicians' professional services are eligible for the bonus payment. The technical component of diagnostic services and services that are fully technical are not eligible.

- D. The same services can qualify for both the PSA and HPSA bonus to receive a total 15% bonus payment.**
- E. Determination of the bonus payment will be made based on the zip code of where the service was rendered, not on the zip code of the physician's office.**
 - 1. The CMS web site at cms.hhs.gov/providers/bonuspayment lists the zip codes that will automatically receive the bonus payment for eligible services without the use of a modifier.
 - 2. The web site also contains information on when it will be necessary to use the AR modifier to receive the bonus payment.
 - 3. Services submitted with the modifier will be subject to post-payment review by the Medicare carriers.
- F. Bonus payments will be made on a quarterly basis.**

II. HPSA Bonus Payment Program – Areas Fully Designated

- A. Physicians will automatically receive a 10% bonus payment without the use of a modifier when eligible services are provided in zip code areas that fully fall within a designated HPSA area or are dominant to the area based on a determination by the United States Postal Service.**
- B. Physicians must submit the QU or QB modifier when providing services in zip code areas that do not fully fall within a designated HPSA area or are dominant to the area based on a determination by the United States Postal Service.**
 - 1. Services submitted with the modifiers will be subject to post-payment review by the Medicare carriers.
- C. Only physicians' professional services are eligible for the bonus payment. The technical component of diagnostic services and services that are fully technical are not eligible.**
- D. Determination of the bonus payment will be made based on the zip code of where the service was rendered, not the zip code of the physician's office.**
 - 1. The CMS web site at cms.hhs.gov/providers/bonuspayment lists the zip codes that will automatically receive the bonus payment for eligible services without the use of a modifier.

- a. The automated bonus payment files will be updated annually.
- b. Medicare carriers will update their web pages quarterly with new designations, changes to designations, and withdrawals of designations through out the year.
- c. In order to receive the bonus payment for areas newly designated throughout the year, physicians must submit the modifier with the service, unless the zip code of where they are rendering the service is already on the automated list.

E. Bonus payments will continue to be made on a quarterly basis.