



Health Professional Shortage Areas (HPSAs) and Physician Scarcity Areas (PSAs): Bonus Payments for Health Care Professionals

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This document presents basic information on the bonus payments available for Health Professional Shortage Areas (HPSAs) and Physician Scarcity Areas (PSAs). These are designations by the federal government indicating a lack of health professionals to care for the area's population. It provides those in the health care sector (physicians, health care providers, hospital administrators, state agencies, and offices and staff) a better understanding of the services, individuals, and geographic areas that are eligible for these incentive payments. This information can be used to ensure that maximum bonus payments are received or to assist organizations, hospitals, and individuals in planning the expansion of medical services.

The questions to be addressed in this fact sheet include:

- What are HPSAs/PSAs, and who is eligible to receive the bonuses?
- Where are these areas in Oklahoma?
- How does an area or facility become eligible?
- What services are eligible for these bonus payments?
- What if I am not getting my payment?

What are HPSAs/PSAs, and who is Eligible to Receive the Bonuses?

Two distinct types of quarterly incentive bonuses are currently available to eligible health care providers in certain areas throughout Oklahoma for specific Medicare services rendered in those areas. Known as Health Professional Shortage Area (HPSA) and Physician Scarcity Area (PSA) bonus payments, these two incentive programs were created by Congress out of concern that low Medicare payment rates could cause access problems for Medicare beneficiaries. They provide 10 percent and 5 percent bonuses, respectively, as a way to recruit and retain both primary care and specialist physicians who provide services to Medicare beneficiaries in certain qualified areas.

The bonuses also encourage providers to see patients whose primary form of insurance is Medicare. Table 1 reflects the list of health care professionals eligible to receive the HPSA shortage designation bonus, while Table 2 provides a list of primary and specialty care physicians eligible for the PSA bonus (along with physicians for whom the PSA bonus is not available).

Table 1. Health care Professionals Eligible for HPSA Bonus Payment.*

<i>Primary Medical Care</i>	<i>Mental Health Care</i>
Physicians (Includes D.O. and M.D.) General and Family Practice	Psychiatrists
Obstetrics / Gynecology	Doctorate level clinical psychologists Board certified clinical social workers
Internal Medicine Pediatrics	

*While the physicians listed in Table 1 are the dominant recipients of HPSA payments, other health care professions may be eligible according to the letter of the law and state licensure requirements. These include licensed Chiropractors, Optometrists, Podiatrists, and Dentists. Interested parties should check with their CMS provider.

Sources: Social Security Act, Title 18, section 1861 (r), Bureau of Health Professions.

Table 2. Physicians Eligible for PSA Bonus Payment (Includes D.O. and M.D.).

<i>Primary Care Physicians</i>	<i>Specialty Care Physicians</i>	<i>Not Eligible</i>
General Practice Family Practice Internal Medicine Obstetrics / Gynecology	All physicians other than those listed for primary care	Chiropractic Optometry Podiatry Dentistry

Source: Medicare Prescription Drug, Improvement and Modernization Act of 2003, Section 413a.

A brief overview of the designations is depicted in Table 3.

**Oklahoma Shortage Designation Maps
2006 & 2007 Primary Care HPSA - CMS Listing**

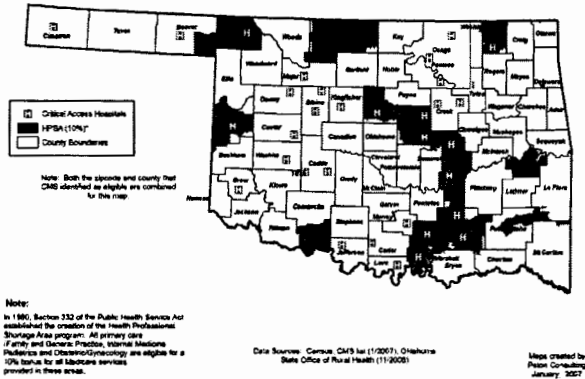


Figure 1.

**Oklahoma Shortage Designation Maps
Carrier Defined HPSA Bonus Areas (9/2006)**

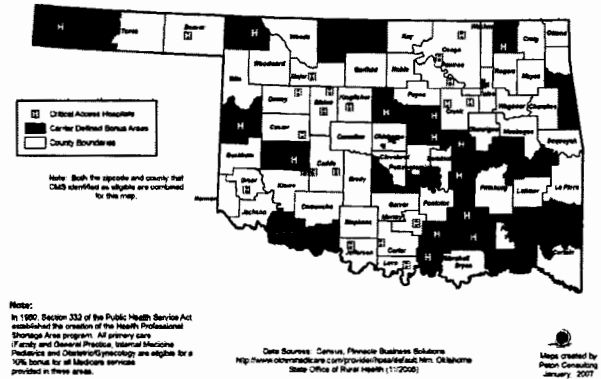


Figure 2.

**Oklahoma Shortage Designation Maps
2007 Primary Care HPSA from the
HRSA Query Website**

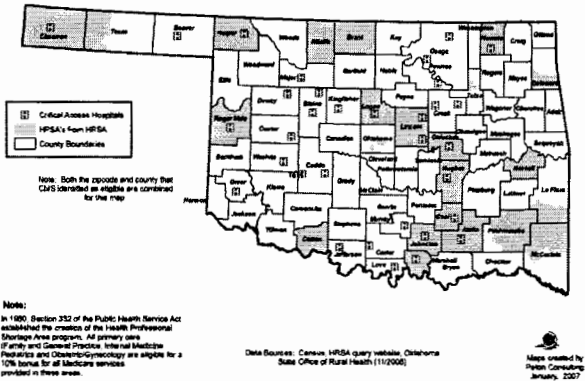


Figure 3.

**Oklahoma Shortage Designation Maps
Comparison of All Three Defined HPSA's**

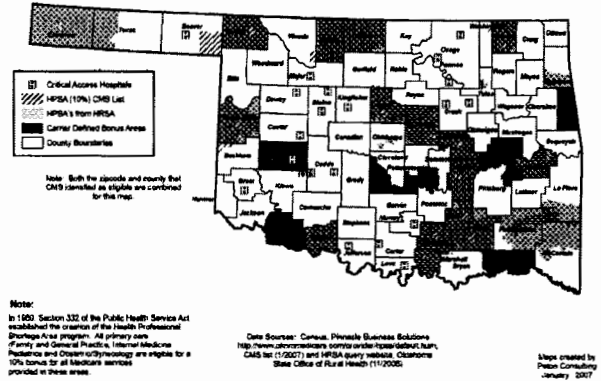


Figure 4.

As Table 3 shows, HPSAs can be classified as geographic (county or ZIP code), demographic (such as a low income populations), or institution-based (such as a community health center, federally qualified health center, or other public facility). However, only primary care and mental health professionals serving in geographic Health Professional Shortage Areas are eligible for a 10 percent incentive bonus. Designation of dental care HPSAs or demographic and institution-based HPSAs are important for other reasons (such as meeting the requirements for federal funding of community health centers), but these HPSAs are not eligible for bonus payments.

Where are these areas in Oklahoma?

Based upon the above definition, health care professionals performing Medicare eligible services in geographic HPSA's should be receiving 10 percent bonus on a quarterly basis from their Insurance Carrier. Each October, the Center for

Medicare and Medicaid Services (CMS) updates their listing of eligible ZIP codes (See Figure 1) and posts to their website (<http://www.cms.hhs.gov/hpsapsaphysicianbonuses/>) as well as provides the list to each state's Insurance Carrier where they have further identified eligible areas for the bonus (See Figure 2). In Oklahoma, the carrier contracted to CMS is Pinnacle Business Solutions. Pinnacle's list of areas eligible for the HPSA bonus can be found at <http://www.oknmmedicare.com/provider/hpsa/default.htm>

Since HPSA designation areas change throughout the year, the Bureau of Health Professions (BHP) has created an interactive query site for the public to have access to more current information (See Figure 3). (The HPSA designation process that is conducted is collaboration between the BHP and each state's Primary Care Office/Association is described below.) As demonstrated in Figures 1 through 4, significant discrepancies exist in the areas that each of these entities identify as eligible for the 10 percent HPSA bonus. The map

Table 3. Overview of HPSA / PSA Designations.

Program	Health Professional Shortage Area (HPSA)	Physician Scarcity Area (PSA)
Types of Providers: (Size of Incentive Bonus)	Geographic-based Primary Care (10%) Mental Health (10%) Dental Care (0%) Demographic-based No incentive bonus Institution-based No incentive bonus	Geographic-based Primary Care (5%) Specialty Care (5%)

in Figure 4 demonstrates the disparity in HPSA designated areas and also notes the locations of Critical Access Hospitals throughout the state.

As indicated in Table 1, the HPSA program addresses the workforce shortage for mental health services in addition to those for primary care. Figure 5 shows the areas that CMS has designated as mental health HPSA's.

As for the other shortage designation, Physician Scarcity Areas (PSA's), there are two distinct types: 1) primary care physicians and 2) all others, which are commonly referred to as specialist physicians. Their areas of eligibility are different and generally cover a larger area than HPSAs. (See Figures 6 and 7). CMS maintains a list of both ZIP codes and counties that are eligible for PSA incentive payments. This list can be found at <http://www.cms.hhs.gov/hpsapsaphysicianbonuses/>

If a health care provider performs an eligible service in an area designated as both a HPSA and a PSA, both types of bonus payments should be awarded for a total of 15 percent bonus. Figure 8 depicts the areas in Oklahoma where the HPSA and PSA overlap, and can be used to determine the maximum bonus payment possible for any geographic region. (Note that Figure 8 deals with primary care physicians only.)

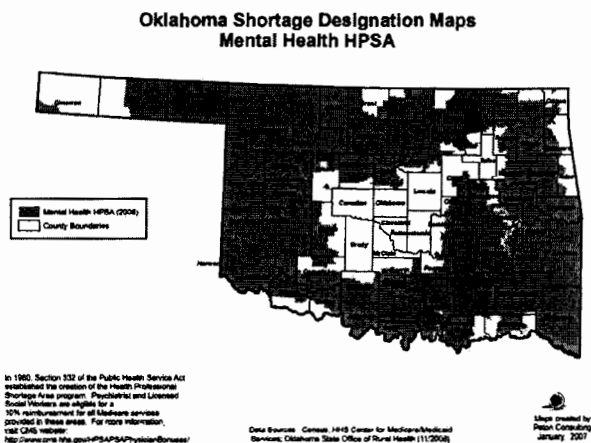


Figure 5. Mental Health HPSAs in Oklahoma.

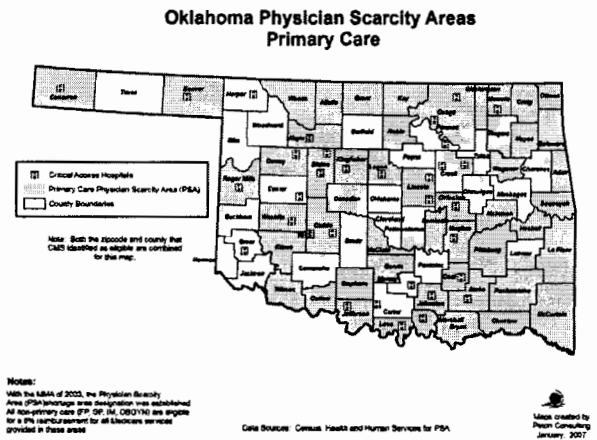


Figure 6. Primary Care PSAs in Oklahoma.

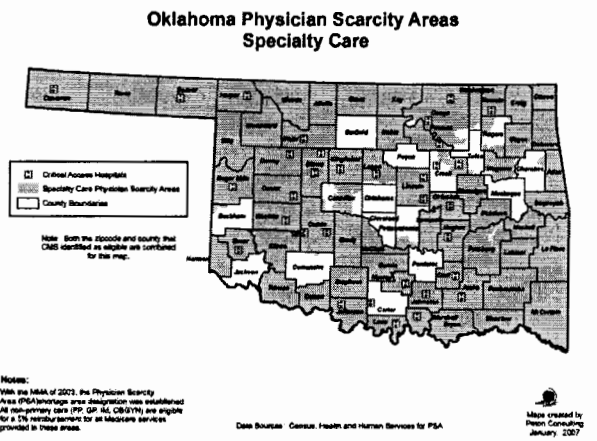


Figure 7. Specialty Care Physician Scarcity Areas in Oklahoma.

Oklahoma Shortage Designation Maps
PSA, HPSA and Combined Designations (2007)

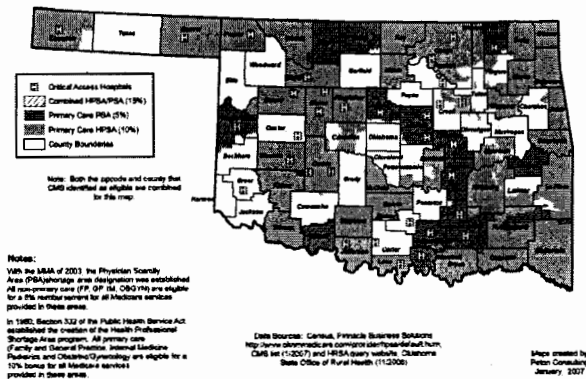


Figure 8. Primary Care PSAs and HPSAs in Oklahoma.

How does an area or facility become eligible?

The designation of HPSA eligible areas is a dynamic process managed by the CMS in cooperation with individual state Primary Care Offices. The factors affecting the designation of a geographic-based HPSA include the ratio of the population to full-time equivalent (FTE) physicians (at least 3,500 to 1 FTE for primary care, and 30,000 to 1 FTE for mental health care), whether or not the area is “rational” for the delivery of medical care services, and whether the medical care professionals are overutilized or inaccessible to the area under consideration. The primary care ratio can be lowered to 3,000 to 1 FTE if the area can show “high need” as defined by the Health Resources and Services Administration – typically areas of high poverty, or with a high percentage of elderly residents.

Information on how to apply for HPSA designation can be found at the Health Resources and Services Administration (HRSA) website, <http://bhpr.hrsa.gov/shortage/hpsapply.htm>. Parties interested in obtaining HPSA designation in Oklahoma can contact Mike Brown, Director of Office of Primary Care (405-271-8428 or mikebr@health.state.ok.us) at the State Department of Health, who oversees these designations. In general, once the State Department of Health has been contacted about the eligibility of an area, they will review the current information in terms of HPSA requirements. If the state department of health determines that an area is in fact eligible, the information is passed up to the federal level, where it undergoes an additional two tiers of investigation. The federal office then provides a final recommendation, and updated designations are published on the HRSA website (or in the Federal Register). Once this process is completed, the Office of Primary Care contacts the interested parties on the decision. This process can take anywhere between a few weeks to several months to complete.

The PSA designations were established by the Medicare Modernization Act (MMA) of 2003, and are not part of the state designation process. The PSA bonus period started Jan 1, 2005 and ends December 31, 2007. In this legislation, Medicare was required to rank each county by its ratio

of physicians to beneficiaries, and then designate the lowest ranking counties as shortage areas until 20 percent of the total Medicare population was reached. Additional PSAs were identified based on low ratios of active physicians to beneficiaries in rural census tracts of metropolitan census areas, leading to some ZIP code level designations. As indicated in Figures 6 and 7, there are separate geographic areas of eligibility for primary care and specialty care physicians.

What Services are Eligible for these Bonus Payments?

The determining factor for eligibility of an incentive payment is the location where the service was actually rendered. Payments are made if the service itself is provided in an HPSA or a PSA – the residency of the recipient or health care provider is not necessarily taken into account. Thus, services obtained in a physician’s office, the patient’s home, or in a hospital all qualify for incentive payments as long as the service took place within a designated HPSA or PSA. These services must be rendered by a physician as defined by the Social Security Act, meaning that services provided by a physician assistant or nurse practitioner are not eligible for the bonus payment.

Quarterly incentive payments are made to providers through the CMS contracted carriers. Payments are made automatically if the service takes place in a ZIP code that fully falls within a county designated as a HPSA or PSA. However, because ZIP codes do not follow county boundaries, portions of some ZIP codes may cross over into non-eligible counties and require submission of a modifier (“AQ modifiers” for HPSAs, “AR modifiers” for PSAs) to obtain the bonus payments. In particular, if there is a discrepancy between the CMS and the carrier ZIP code list for HPSA eligible areas, an AQ modifier is likely required. Similarly, discrepancies between county and ZIP code level PSA eligibility may require the submission of an AR modifier.

Payments are made only for services rendered, any technical components do not qualify. Thus, if a bill contains both technical and service components, only the service component is eligible for the incentive payment. Furthermore, payments are based on the amount actually paid by Medicare and not on the Medicare-approved payment amount. These payments are made every quarter, are taxable, and are reported on the IRS 1099 form.

Table 4 lists the professional services eligible for HPSA payments as identified by the professional/technical component (PC/TC) indicator field on the Medicare Physician Fee Schedule Database. These indicator codes should be familiar to a physician’s billing or office staff.

Services performed in state hospitals, including Critical Access Hospitals (CAHs), are eligible for HPSA and PSA bonus payments under certain circumstances. CAHs typically choose between two methods of payment for outpatient services. The CAH should consult with the person or firm that completes their annual cost report to determine which method is the most favorable to the individual hospital. One is a “reasonable cost method,” while the second, known as method II, allows the CAH to submit bills for facility and professional services. CAHs located in HPSAs or PSAs that have elected method II payment are eligible for the bonus payments.

Table 4. PC/TC Indicators for HPSA Eligibility.

<i>PC/TC Indicator</i>	<i>Description</i>	<i>HPSA Eligibility</i>
0	Physician Service	Yes
1	Diagnostic test for radiology globally billed	No
1	TC modifier / technical component	No
1	26 modifier / professional component	Yes
2	Professional component only	Yes
3	Technical component only	No
4	Global test only code	No
5	"Incident to" code	No
6	Laboratory physician interpretation code	Yes
7	Physical therapy service	No
8	Physician interpretation code	Yes
9	Concept of PC/TC does not apply	No

Physicians currently receiving bonus payments should be aware of the potential for de-designation of their local area for HPSA status. These de-designations must be published by the Health Resources and Services Administration in the Federal Registrar. If such de-designation does occur, CMS will require repayment of any bonus payments received after the de-designation date.

What if I am not Getting my Payment?

Unfortunately, as the maps in Figures 1, 2, and 3 indicate, discrepancies between the CMS list and carrier list sometimes arise, resulting in confusion about whether an area is in fact a HPSA. To prevent confusion, a provider should first check the maps to see quickly if they are in a HPSA or PSA. If there is some question, check the CMS website list (www.cms.hhs.gov/hpsapsaphysicianbonuses) by either ZIP code or county name. If you are not getting your payment automatically, contact Mike Brown, Director of Office of Primary Care (405-271-8428 or mikebr@health.state.ok.us) at the state department of health (for HPSA payments) or the CMS regional office in Dallas, Texas at 214-767-6423 (for PSA payments).

Summary

HPSAs and PSAs are incentive payment programs that provide quarterly payments to eligible health care providers who service Medicare beneficiaries. These payments are for services provided by an approved physician in areas designated as HPSAs or PSAs. While it is assumed that most payments are made automatically, cases where discrepancies

exist between the CMS and local carrier listing may require the submission of a modifier by the performing health care provider. Questions regarding the payment of these bonuses should be directed toward either the state department of health (for HPSA payments) or the CMS regional office (for PSA payments).

Additional Resources

For additional information regarding HPSAs and PSAs, please contact your Oklahoma State Cooperative Extension County office, or any of the following individuals:

<i>Name</i>	<i>Affiliation and Website</i>
Brian Whitacre	Department of AgEcon – OSU www.agecon.okstate.edu
Gerald Doeksen	Department of AgEcon – OSU www.agecon.okstate.edu
Mike Brown	State Department of Health www.health.state.ok.us
Val Schott	OSU Center for Rural Health www.healthsciences.okstate.edu

Additional information on both HPSAs and PSAs is available from the Center for Medicare and Medicaid Services (CMS). The CMS website is www.cms.hhs.gov. The following resources address this issue in more detail:

- Centers for Medicare and Medicaid Services (CMS). (2006). HPSA / PSA (Physician Bonuses) Overview. Retrieved November 1, 2006 from the CMS website: <http://www.cms.hhs.gov/hpsapsaphysicianbonuses/>.
- Centers for Medicare and Medicaid Services (CMS). (2005). Publication 100-04 / Medicare Claims Processing Manual, Chapter 12, Section 90. Retrieved November 15, 2006 from the CMS website: <http://www.cms.hhs.gov/Manuals/IOM/list.asp>
- Centers for Medicare and Medicaid Services (CMS). (2004). Physician Education for the Revisions to the Health Professional Shortage Areas (HPSA) Bonus Payment Process and Implementation of the Physician Scarcity Area (PSA) Bonus Payments. Retrieved November 7, 2006, from CMS website: <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0449.pdf>
- Centers for Medicare and Medicaid Services (CMS). (2005). MMA—Implementation of the Physician Scarcity Area (PSA) Bonus and Revision to the Health Professional Shortage Area (HPSA) Payment to a Critical Access Hospital (CAH). Retrieved November 9, 2006, from CMS website: <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3790.pdf>

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