

## BONUS PAYMENTS IN HEALTH PROFESSIONAL SHORTAGE AREAS (HPSA) AND IN PHYSICIAN SCARCITY AREAS (PSA)

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### I. APPLICABILITY

This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by TMA and specifically included in the network provider agreement.

### II. ISSUE

How are bonus payments in medically underserved areas made?

### III. POLICY

A. On April 15, 2002, the final rule was published in the Federal Register. This rule provided for a bonus payment, in addition to the amount normally paid under the allowable charge methodology, to providers in medically underserved areas. Medically underserved areas are the same as those determined by the Secretary of Health and Human Services for the Medicare program, designated as health professional shortage areas (HPSA) and Physician Scarcity Areas (PSA) found in all 50 states and Puerto Rico. **HPSAs include both primary care and mental health identified HPSAs** and PSAs include both primary care and specialty identified PSAs. Only one HPSA bonus can be paid, even if the primary care and mental health HPSAs overlap. This is also true when there is an overlapping of primary care and specialty PSAs.

B. The bonus payments shall be equal to the bonus payments authorized by Medicare, except as necessary to recognize any unique or distinct characteristics or requirements of the CHAMPUS/TRICARE program, and as described in instructions issued by the Executive Director, TMA. The bonus payment, for health professional shortage areas (HPSA), both medical and mental health areas, is 10 percent of the amount actually paid, not 10 percent of the amount allowed, e.g., CMAC. The HPSA bonus payment only applies to physician (as defined in [32 CFR 199.2](#)) services rendered in these medically underserved areas. Effective September 1, 2003, the HPSA bonus payment also applies to podiatrists, oral surgeons, and optometrists. Effective January 1, 2005, the PSA bonus payment is 5 percent of the amount actually paid to primary care physicians (general practitioners, family physicians, internists, and OB/GYN) and to other specialties. Oral surgeons (dentists), podiatrists, and optometrists are not eligible for the PSA bonus payment. For services with both a

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professional and technical component, only the professional component would be included in the calculation of the bonus payment. The bonus payment is based on where the service is performed which must be in the medically underserved area, not the billing office, etc. The bonus payment applies to both assigned and non-assigned claims. It also applies to network and non-network physicians. In addition, claims filed under Prime, Extra, and Standard for services provided in medically underserved areas can receive the bonus payment. For TFL claims, only those claims where TRICARE is primary would qualify for the bonus payment. For OHI claims, the bonus payment would apply, but only on the amount paid by the government.

C. Depending on the areas, the bonus shall be calculated based on 10 percent or 5 percent of the amount actually paid a physician during a calendar quarter for services rendered in a medically underserved area. In order to receive the HPSA bonus payment, the physician must put a "QU" modifier on the claim for services rendered in an urban HPSA and a "QB" modifier on a claim for services rendered in a rural HPSA. In order to receive the PSA bonus payment, the physician must put an "AR" modifier on the claim for services rendered in a PSA. "QB", "QU" and "AR" are modifiers to the CPT/HCPCS procedure codes. The contractor shall sum all claim payments that qualify for the quarter and pay an additional 10 percent for the "QB" and "QU" modifier claims and an additional 5 percent for the "AR" modifier claims. An overlapping of HPSAs and PSAs can occur. When this happens, only one HPSA bonus and one PSA bonus can be paid. This means that a maximum of 15 percent bonus could be paid. The bonus payment shall only be paid quarterly as a pass-through payment (not-at-risk). There are no retroactive payments, adjustments or appeals, for obtaining a bonus payment. The contractor is not responsible for prescreening or post auditing of claims.

**NOTE: Effective January 1, 2006, for services rendered on or after this date, the "QU" and "QB" modifiers shall be replaced with modifier "AQ".**

IV. EFFECTIVE DATE      June 1, 2003.

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