

Bonus Payments In Health Professional Shortage Areas (HPSAs)

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Authority: [32 CFR 199.14\(j\)\(2\)](#)

1.0 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 the TRICARE Management Activity (TMA) and specifically included in the network provider agreement.

2.0 ISSUE

How are bonus payments in medically underserved areas made?

3.0 POLICY

3.1 Background

3.1.1 On April 15, 2002, the Final Rule was published in the **Federal Register** (67 FR 18114), allowing for bonus payments, 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 (HHS) for the Medicare program, designated as Health Professional Shortage Areas (HPSAs) found in all 50 states and Puerto Rico. HPSAs include both primary care and mental health identified HPSAs.

3.1.2 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 TRICARE program, and as described in instructions issued by the Deputy Director, TMA.

3.1.3 HPSAs include both primary care and mental health identified HPSAs.

3.1.4 The bonus payment applies to both assigned and non-assigned claims. It also applies to network and non-network physicians.

3.1.5 The bonus payment is based on the zip code of the location where the service is actually performed, which must be in an HPSA, rather than the zip code of the billing office or other location.

3.1.6 The bonus payment is based solely on the amount paid for professional services. Professional services are those that are paid by the professional CHAMPUS Maximum Allowable Charge (CMAC) file, excluding codes that are clinical laboratory services or that are entirely technical in nature. Claims submitted for the technical component only of a service (i.e., have a **-TC** modifier), if a service can have both professional and technical components, are also ineligible for the HPSA bonus. Thus, all Durable Medical Equipment (DME), injectable drugs, vaccines, facility charges, supplies, etc., are not included in the paid amounts used to calculate the HPSA bonus. The professional service CMAC file's documentation describes how codes can be detected which are considered entirely technical or clinical lab. Anesthesia services by physicians paid through the anesthesia Relative Value Unit (RVU) and Conversion Factor (CF) files are also to be included as eligible services for the HPSA bonus calculation. Services that are performed by physicians and are professional services (not supplies, drugs, or other such charges) but do not have CMACs may be included in the HPSA bonus calculation, also, such as unlisted or "not elsewhere specified" CPT¹ codes 27599, 27899, 30999, etc.

3.1.7 Bonus payments apply under Prime, Extra, and Standard for services provided in medically underserved areas.

3.1.8 TRICARE Prime Remote (TPR) and Supplemental Health Care Program (SHCP) shall be included in the bonus payment process.

3.1.9 Under TRICARE For Life (TFL), only those claims where TRICARE is primary would qualify for the bonus payment.

3.1.10 For Other Health Insurance (OHI) claims, the bonus payment would apply, but only on the amount paid by the government.

3.2 Scope Of Benefit

3.2.1 HPSA

3.2.1.1 Effective June 1, 2003, an additional payment shall be made quarterly to physicians who qualify and provide services in medically underserved areas (HPSAs).

3.2.1.2 The bonus payment for HPSA, both primary care and mental health areas, is 10% of the amount actually paid, not 10% of the amount allowed, e.g., CMAC. The HPSA bonus payment only applies to physician's, podiatrist's, oral surgeon's, and optometrist's services rendered in these medically underserved areas. Prior to January 1, 2006, the **QU** and **QB** modifiers were used, but were replaced with the modifier "AQ" effective January 1, 2006. As of October 1, 2013, the **AQ** modifier is no longer required except in those instances where zip codes do not fall entirely within a full county HPSA as noted in [paragraph 3.2.1.11](#).

3.2.1.3 The bonus shall be calculated based on 10% of the amount actually paid a physician during a calendar quarter for services rendered in a medically underserved area.

3.2.1.4 Bonus payments are pass-through payments, non-financially underwritten payments.

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3.2.1.5 The contractor shall sum all claim payments that qualify for the quarter and pay an additional 10% for the claims. There are no retroactive payments, adjustments or appeals, for obtaining a bonus payment. Prior to October 1, 2013, the contractor is not responsible for prescreening or post auditing the claims. On or after October 1, 2013, the contractor requirements in [paragraphs 3.2.1.11.1, 3.2.1.11.2, and 3.2.1.11.3](#) shall apply and serve as validation of the HPSA payment.

3.2.1.6 Only professional services are to be included in the calculation of the bonus payment (see [paragraph 3.1.6](#)). For example, for services with both a professional and technical component only the professional component is 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, or other location (see [paragraph 3.1.5](#)).

3.2.1.7 The contractor shall have 30 calendar days from the end of the calendar quarter to make the payments to the providers who qualify.

3.2.1.8 Contractors shall send bonus payments directly to the non-participating physician.

3.2.1.9 When a modifier is required for payment, the modifier must be reported on the TED record.

3.2.1.10 The HPSA bonus payment shall be paid by the Managed Care Support Contractor (MCSC) when provided in zip code areas that fall in a county designated as a full-county HPSA. Primary care and mental health HPSA zip code files are downloadable from the Medicare web site at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HPSAPSAPhysicianBonuses/>.

3.2.1.11 Zip codes that do not fall entirely within a full county HPSA.

3.2.1.11.1 Effective October 1, 2013, the **AQ** modifier shall be entered on the claim in order to receive the bonus when services are provided in zip code areas that:

- Do not fall entirely within a designated full county HPSA bonus area; or
- Fall partially within a full county HPSA but are not considered to be in that county based on the USPS dominance decision; or
- Fall partially within a non-full county HPSA; or
- Were included in the automated file of HPSA areas based on the date of the data run used to create the file.

3.2.1.11.2 When claims are received with an **AQ** modifier that do not entirely fall within a full county HPSA, the MCSC shall review the Health Resources and Services Administration (HRSA) website for the most recent designations to determine if the service qualifies to receive the bonus payment (<http://hrsa.gov/shortage/find.html>).

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3.2.1.11.3 When a claim includes an **AQ** modifier, the MCSCs shall verify that the location where the care was provided is included in an HPSA area.

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