

IHA Policy Brief

Incentive Payments for Primary Care Providers and General Surgeons: The health reform law created two incentive payment programs that the Centers for Medicare & Medicaid Services (CMS) implemented through the [2011 Medicare Physician Fee Schedule Rule](#). One program involves a 10 percent primary care incentive payment for five years, beginning January 1, 2011 for certain primary care services delivered by a primary care practitioner. The other program involves a 10 percent Health Professional Shortage Area surgical incentive payment for five years, beginning January 1, 2011 for certain major procedure codes performed by general surgeons located in a HPSA. In this policy brief, IHA explains what providers need to know to benefit from these new payment opportunities.

Background: As Congress created the health care reform law, members saw an opportunity to address growing concerns about the shortage of primary care providers and general surgeons, especially in rural areas of the country. In order to attract more practitioners to these fields, Congress created two payment incentive programs and aptly titled the Section of the new law, “Expand Access to Primary Care Services and General Surgery Services.”

Congress also included a provision in the health care reform law that provided for the creation of a committee which will review and update the criteria used to define medically underserved areas (MUAs) and health professional shortage areas (HPSAs). These are important definitions as they are used to determine eligibility for several programs including the surgical bonus payments, placement of the National Health Service Corps providers, grants for community health centers and other provider bonus payments. Last July, the Health and Human Services Secretary announced the appointment of this committee comprised of 28 members representing programs from community health centers, rural health clinics and health care practitioners, special populations with unique health care needs, and technical experts in the area of research in health care access and statistical methods. The committee continues to meet with a target date for a draft final proposal in July 2011. [Click here](#) for more information about the committee.

Primary Care Incentive Payment (PCIP)

Section 5501(a) of the Patient Protection and Affordable Care Act of 2010

Eligibility: Potentially eligible providers for the PCIP include primary care providers paid under the physician fee schedule and practitioners for whose professional services Critical Access Hospitals (CAHs) are paid under the optional method (Method II). CMS has clarified that physicians can receive both a PCIP payment and a HPSA physician bonus payment beginning in 2011.

To be eligible for the incentive payments, the practitioner must be one of the below listed primary care practitioners *and* the practitioner must reach the 60 percent threshold.

Eligible primary care practitioners include:

- A physician who has a primary specialty designation of family medicine, internal medicine, geriatric medicine or pediatric medicine; or
- Nurse practitioners, clinical nurse specialists or physician assistants.

60 Percent Threshold Requirement:

The PCIP payment is only available to the above-listed primary care practitioners who furnish 60 percent of their services in the qualifying evaluation and management codes. These codes are listed in Table 66 of the final [2011 Medicare Physician Fee Schedule](#) rule and include: office visits, home visits, nursing facility visits and rest home and custodial care services.

CMS explains it will calculate the primary care percentage for each NPI of a potential primary care practitioner and, if the calculation rounds to 60 percent or greater, the potential primary care practitioner with that NPI will qualify to receive PCIP payments.

The primary care percentage will be based on 2009 claims data to determine the threshold for 2011 eligibility (with special rules for those newly enrolling in Medicare). CMS will use six months of 2009 claims data (processed through June 30, 2010) to determine the first year of incentive payments for CAHs paid under the optional method that are billing on behalf of practitioners for their professional services. Going forward after the first year, eligible practitioners will be based on a full year of physician fee schedule and CAH claims data. Medicare contractors will post a list of qualifying individual primary care practitioners (by NPI) on their websites and update it annually. CMS will not provide individual notices to the eligible primary care practitioners.

More specifically, CMS will calculate the 60 percent threshold as the practitioner's allowed charges for primary care services (identified in Table 66) divided by the practitioner's total allowed charges under the physician fee schedule. This means CMS will exclude laboratory services, drugs and durable

medical equipment ordered by the practitioner, as well as most evaluation and management services furnished to hospital inpatients and outpatients (these services are identified in Table 67 of the final rule) in its calculation.

Identification of eligible primary care practitioners: CMS explains that practitioners who are eligible for the bonus payment will be identified on a claim based on the NPI of the rendering practitioner. So if the claim is submitted by a practitioner's group practice or a CAH, the rendering practitioner's NPI must be included on the line-item for the primary care service (as identified in Table 66 of the final rule) in order for CMS to determine whether or not the service is eligible for the bonus payment.

Physician assistants, clinical nurse specialists and nurse practitioners must bill for their services under their own NPI and not furnish services incident to a physicians' services in order to be eligible for this bonus payment.

CMS will make quarterly payments: CMS will make quarterly PCIPs to eligible practitioners or to CAHs paid under the optional method that are billing on behalf of practitioners for their professional services for identified primary care services. CMS explains it will provide eligible primary care practitioners an incentive payment for primary care services, in addition to the amount that would otherwise be paid for their professional services under Part B. Following the first quarter of 2011, incentive payments for primary care services furnished by eligible practitioners will be paid quarterly after the conclusion of the calendar quarter, in addition to payments by Medicare for the primary care services and other incentive program payments.

Health Professional Shortage Area Surgical Incentive Payment (HSIP) Section 5501(b) of the Patient Protection and Affordable Care Act of 2010

Eligibility: General surgeons located in a Health Professional Shortage Area (HPSA) are eligible for the HSIP. In keeping with the spirit of program, CMS has clarified that a general surgeon may receive both a HPSA physician bonus payment under the already established Medicare HPSA bonus program and a HSIP payment under the new program, explained here, beginning in 2011.

[Click here](#) for information to determine whether your hospital is located within a designated HPSA. The [CMS website](#) also has additional information regarding HPSA designations.

Surgical Procedures: CMS defines major surgical procedures as those for which a 10-day or 90-day global period is used for payment under the Physician Fee Schedule. The surgery must also be performed in an area that was defined as a geographic HPSA by the Secretary as of December 31 of the prior year.

CMS will make quarterly payments: CMS will make automatic quarterly payments when the zip code for the location of service is found in the applicable file for the payment year on the CMS website for the HPSA physician bonus program. CMS will make the payments to physicians or CAHs paid under the optional method when billing on behalf of physicians for their professional services. The payment for professional services to the CAH at 115 percent of the Physician Fee Schedule amount under the optional method will not take into account the additional Part B incentive payments under the PCIP or HSIP programs.

CMS explains that existing HCPCS modifier-AQ should be added to the major surgical procedure on claims that are submitted for payment in order to identify circumstances when general surgeons furnish services in areas that are designated as HPSAs as of December 31 of the prior year, but that are not on the list of zip codes eligible for automatic payment.
