

Medicare Bonus Payment for Primary Care Services

Medicare uses a fee schedule to pay physicians for the services they furnish to beneficiaries. In some circumstances, Medicare provides a bonus payment on top of the fee schedule amount to facilitate specific physician actions. For example, Medicare pays a 10 percent bonus in addition to the fee schedule amount for each service provided in a designated Health Professional Shortage Area (HPSA) to encourage physicians to practice in under-served areas.

The Patient Protection and Affordable Care Act (ACA) provides a 10 percent bonus payment on select primary care services furnished by primary care physicians in calendar years 2011-2015. To qualify for the bonus, a physician must be self-designated in a primary care specialty, as explained below, and he or she must predominantly provide the select primary care services to be eligible, with the assessment of the extent to which primary care services are furnished being based on an earlier time period. To illustrate, a primary care physician is likely to receive a bonus payment on top of payment for services in 2011 if Medicare determined that he or she is eligible based on its assessment of billing from 2010. As indicated by the “Expanding Access to Primary Care Services...” title of the bonus provision in the reform law, the program recognizes the declining interest in primary care practice and aims to promote beneficiary access to primary care physicians.

Who is considered a primary care physician eligible to receive the bonus?

The law defines primary care physicians as those practicing in the following specialties: general internal medicine; family practice; geriatrics; and pediatrics. The federal agency that administers the Medicare program—the Centers for Medicare and Medicaid Services (CMS) determines a physician’s specialty by using the specialty each physician indicated when enrolling to participate in the Medicare program. Nurse practitioners, clinical nurse specialists, and physician assistants can also receive the bonus payment if they meet the other criteria established by the law, described below. The bonus payment, however, is based upon the fee schedule amount that applies to the specific practitioner type. For example, Medicare pays nurse practitioners in independent practice arrangements as allowed by state law 85 percent of the allowed charge amount that applies if a physician furnishes the service.

Physicians who self-designate as practicing in a specialty not identified in the law—whether an internal medicine subspecialty or other specialty — are not eligible for the bonus payment. While some internal medicine subspecialists may be in short supply, Congress crafted the provision with the intent of boosting access to primary care physicians. This program is one part of a broader effort to reverse the declining interest in primary care practice. ACP remains interested in the workforce needs related to subspecialties and believes that a national workforce commission that is established through the ACA will draw appropriate attention to needs across the specialty spectrum.

What services are considered primary care services?

The law defines primary care services for the purpose of this bonus payment program, by referencing the Current Procedural Terminology (CPT) service type and code range, as:

- Office/outpatient visits, CPT 99201-99215;
- Nursing facility services, CPT 99304-99318;
- Domiciliary, rest home, or custodial care services, CPT 99324-99340; and
- Home services, CPT 99341-99350.

What percentage of Medicare revenue must a general internist derive from the above select primary care services to qualify for the bonus?

For the purposes of this program, physicians should think of Medicare revenue as their Medicare “allowed charges” as this is the term used in the law. Allowed charges include the amount that Medicare paid for services plus the amount for which the beneficiary is liable, including deductibles and copayments. Medicare allowed charges generated from providing “evaluation and management” services as defined by the CPT codes referenced above in the office/outpatient, nursing facility, domiciliary/rest home/custodial care, and home settings must equal at least 60 percent of the total Medicare allowed charges for an individual primary care physician for that physician to qualify for the bonus.

Does the 60 percent select primary care services revenue threshold preclude some general internists who provide primary care from receiving the bonus?

As initially interpreted by CMS, the primary care bonus payment was structured in a way that would inappropriately exclude some general internists who principally provide primary care services to their patients. Significant advocacy on the part of ACP, and other primary care physician organizations, led CMS to interpret the law in a way that will allow most physicians that truly provide primary care to qualify for the bonus.

How much could a general internist who qualifies expect to receive in a year?

CMS has determined that the 10 percent bonus is based on the amount “actually paid” to the physician for the designated service –with co-payments and deductibles excluded from the bonus calculation. Based on this “actual payment” methodology, the typical yearly payment for a qualified primary care physician will be approximately \$8,000 for the bonus year. Payments are made on a quarterly basis. Eligibility for the bonus is determined at the individual physician level. Multiple general internists in the same group practice can receive the bonus. The determination as to which physicians qualify is based on the revenue associated with each individual physician during the prior assessment period. Physicians do not have to register for this program. Medicare will automatically determine eligible physicians based upon claims.

How much will Medicare pay out in bonuses? Where is the money coming from?

The non-partisan entity that advises Congress on the cost of legislation, the Congressional Budget Office, projects that the bonus payment program will cost Medicare \$3.5 billion. While Congress considered generating part of money necessary to fund this program by making a small cut in payments to all other physician services, it ultimately funded the program without reducing payments for non-primary care services.

Most of the projected \$3.5 billion will be paid to primary care physicians but general surgeons will receive some of the funds as the law directs Medicare to pay a 10 percent bonus payment for major surgical procedures provided in an underserved area defined as a HPSA. That Congress established and funded this program indicates its recognition of the value of primary care and the need to preserve it.

Will this Medicare bonus payment stop the declining interest in the practice of primary care?

The College recognizes that a 10 percent bonus payment on some primary care services over a five-year period, while significant, is not alone sufficient to ensure an adequate supply of general internists and other primary care physicians. The College believes that other provisions in the law, e.g. increased Medicaid payments for primary care services, and activities external to it, e.g. initial efforts by health plans to increase payments to

physician practices recognized as a Patient Centered Medical Home, will help further. It understands, however, that more needs to be done.

Additional Resources

- *Visit ACP's website to find additional materials, including "Frequently-Asked-Questions."*

http://www.acponline.org/running_practice/practice_management/payment_coding/bonus.htm.