CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 724	**Date: July 2, 2010**
	Change Request 7035

Change Request 7035, Transmittal 724 sent on July 2010, is no longer sensitive. The transmittal number, date issued and all other information remain the same.

SUBJECT: American Recovery and Reinvestment Act of 2009 Electronic Health Record (EHR) Incentive Program: Healthcare Common Procedure Coding System (HCPCS) Modifier for the EHR Incentive Program

I. SUMMARY OF CHANGES: To allow EPs to report claims rendered in a dental HPSA when the zip code does not fully fall within the dental HPSA, CMS has developed a new EHR HPSA modifier AZ.

EFFECTIVE DATE: JANUARY 1, 2011
IMPLEMENTATION DATE: JANUARY 3, 2011

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One-Time Notification

Unless otherwise specified, the effective date is the date of service.

Attachment – One Time Notification

Pub. 100-20	Transmittal: 724	Date: July 2, 2010	Change Request: 7035

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SUBJECT: American Recovery and Reinvestment Act of 2009 Electronic Health Record (EHR) Incentive Program: Healthcare Common Procedure Coding System (HCPCS) Modifier for the EHR Incentive Program

EFFECTIVE DATE: JANUARY 1, 2011
IMPLEMENTATION DATE: JANUARY 3, 2011

I. GENERAL INFORMATION

A. Background: The American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5) authorized the establishment of the Electronic Health Records (EHR) incentive program. The ARRA authorizes the Centers for Medicare & Medicaid Services (CMS) to make EHR incentive payments for certain Medicare eligible professionals (EPs) who are meaningful users of certified EHR technology.

These incentive payments will begin in calendar year (CY) 2011. All publicly available information on the EHR Incentive Program can be found at http://www.cms.hhs.gov/Recovery/11_HealthIT.asp on the CMS website, including a link to the proposed rule.

B. Policy: EPs that attest to meaningful use of certified EHR are eligible to participate in the EHR incentive program. For the Medicare EHR Incentive Program, "eligible professional" includes the following:

Medicare physicians

- Doctor of medicine;
- Doctor of osteopathy;
- Doctor of podiatric medicine;
- Doctor of optometry;
- Doctor of oral surgery;
- Doctor of dental medicine; and
- Doctor of chiropractic.

An EP who predominately furnishes services in a Health Professional Shortage Area (HPSA) is eligible for a 10 percent increase in the maximum incentive payment amount, regardless of the type of HPSA in which the services were rendered. This means that any EP can perform services in any type of HPSA (primary care, mental health, or dental) and receive the increase in the maximum EHR HPSA incentive payment amount, as long as 50 percent or more of his/her services are performed in a HPSA.

NOTE: This definition of a HPSA provider is different from the definition for Medicare Fee –For- Service (FFS) HPSA bonus payments.

For purposes of the EHR incentive program, services rendered in a HPSA will be identified one of two ways: through the ZIP code on the claim, or through a modifier on the claim line. Providers will continue to use the existing HPSA modifier in the same way they do today.

In order to allow EPs to report claims rendered in a dental HPSA when the zip code does not fully fall within the dental HPSA, CMS has developed a new EHR HPSA modifier AZ. The definition of the new modifier is **"PHYSICIAN PROVIDING A SERVICE IN A DENTAL HEALTH PROFESSIONAL SHORTAGE AREA FOR THE PURPOSE OF AN ELECTRONIC HEALTH RECORD INCENTIVE PAYMENT"** and it is effective for dates of service on and after January 1, 2011. This modifier will be part of the annual HCPCS file for 2011 that will be released at the **end of October, 2010. The new modifier will not affect the payment or calculation of the FFS geographic quarterly HPSA bonus. The Integrated Data Repository will be responsible for determining which EPs are due the EHR HPSA incentive payment increase and determining** the amount of the payment.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7035.1	Effective for claims with dates of service on or after January 1, 2011, contractors shall accept/recognize the AZ modifier. **NOTE:** This modifier will be included in the 2011HCPCS update. Any system changes for accepting a new modifier will fall under the annual recurring HCPCS CR.	X			X						
7035.2	Contractors shall note that the new AZ modifier will not affect the payment or calculation of the FFS HPSA quarterly bonus.	X			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7035.3	When this CR is no longer **SENSTIVE/ AND CONTROVERSIAL,** a provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

V. CONTACTS

Pre-Implementation Contact(s): Cynthia Thomas, (410) 786-8169, cynthia.thomas2@cms.hhs.gov
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Post-Implementation Contact(s): Appropriate regional offices and/or the appropriate project officer.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *Carriers,* use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs),* include the following statement:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.