



Center for  
Rural Health

University of North Dakota  
School of Medicine & Health Sciences

Proposed Health Professional  
Shortage Area Designations:  
Impact on North Dakota

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*Connecting resources and knowledge to strengthen  
the health of people in rural communities.*

## BACKGROUND

Health Professional Shortage Areas (HPSAs) and Medically Underserved Areas/Populations (MUA/Ps) are shortage designations used to identify areas of greatest health needs for which resources can be targeted, such as placement of National Health Service Corps (NHSC) scholars and loan repayors and Community and Migrant Health Center (CHCs, MHC) programs. HPSAs and MUA/Ps designated shortage areas are also the vehicle by which Rural Health Clinics obtain their certification. Additionally, over 40 federal programs<sup>1</sup> have attached HPSA and/or MUA/P designation as criteria to access those programs and funds, including the Medicare incentive program for physicians.

The MUA/P designations were initiated in the 1970s. In 1995 and 2006, the Government Accountability Office recommended examining the methodology as many of the MUA/P designations have never been updated. After ten years of development, the Health Resources and Services Administration (HRSA) issued a notice of proposed rulemaking which revises and consolidates the criteria and process for designating MUA/Ps and HPSAs. The new methodology is proposed to more accurately target resources. The proposed rule includes three methods for making designations, including: 1) Tier 1 geographic<sup>2</sup> or population<sup>3</sup>, 2) Tier 2 geographic or population, and 3) the safety-net facility. All designations will be eligible to compete for new or expanded health care funding as well as for NHSC placements.<sup>4</sup>

- Tier 1 geographic or population designation indicates the areas which continue to exceed the proposed threshold<sup>2,3</sup> even when all federal resources placed in the area are counted.
- Tier 2 geographic or population designation assures that areas/organizations are not disadvantaged by the presence of federally supported resources. This designation is created by adjusting the population to provider ratio. It does this by excluding from the full-time equivalent (FTE) count primary care clinicians that are federally obligated (i.e., National Health Service Corps, J-1 Visa waiver, and state loan repayment providers as well as section 330 health center clinicians).

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<sup>1</sup> Federal Programs using HPSA, MUA, MUP or other designations to allocate resources or provide benefits include but are not limited to the Community Health Center Program, the Federally Qualified Health Center Program, National Health Service Corps, Rural Health Clinic Certification Program, Medicare Incentive Payment Program, J-1 Visa Waiver Program, Scholarships for disadvantaged students, Title VII health professions education and training grant programs, Title VIII nursing education programs, and Indian Health Scholarship Program.

<sup>2</sup> A geographic area designation is a defined rational service area with an adjusted population to primary care clinician ratio computed by combining the area's "effective barrier-free" population (based on age and gender utilization patterns) to its supply of primary care clinicians with adjustments for access barriers through additive scores for a defined group of demographic, economic and health status variables. When the adjusted ratio exceeds the designation threshold of 3,000:1, the area is eligible for designation.

<sup>3</sup> A population group designation is built on the same criteria for designating geographic areas with each area based on data calculated for the population group for which designation is sought. The eligible population groups are low-income populations, Medicaid eligible populations, linguistically isolated populations, migrant and seasonal farmworkers and their families, homeless populations, residents of public housing, and Native Americans.

<sup>4</sup> Federal Register/Vol.73, No.77/Monday, April 21, 2008/Proposed Rules/21301/"Eligibility for Federal Resources"

The two-tiered system eliminates a “yo-yo effect”. For example, with Tier 1 designations, new federally obligated providers may reduce provider shortage in an area to a point where FTEs exceed the threshold for shortage designation when all providers are counted. However, a Tier 2 designation would allow the area to maintain a designation and consequently, the new federally obligated providers.

- The safety-net facility designation replaces the current facility designation for for-profit and non-profit facilities. Facilities can qualify for designation by virtue of their service to specified minimum percentages of patients that are Medicaid-eligible and/or low income uninsured. These groups are measured by the number of patients treated under a sliding fee scale. The minimum levels of service to indigent and/or Medicaid-eligibles are described in the table below.

**Minimum Levels of Service to Indigent Uninsured and/or Medicaid-Eligibles**

Metropolitan areas	Non-Metropolitan areas (except frontier areas)	Frontier areas
At least 10% of all patients are served under a posted, sliding fee schedule, or at no charge. <i>And</i> At least 40% of all patients are served either under Medicaid, under a posted sliding fee schedule, or at no charge.	At least 10% of all patients are served under a posted, sliding fee schedule, or at no charge. <i>And</i> At least 30% of all patients are served either under Medicaid, under a posted sliding fee schedule, or at no charge.	At least 10% of all patients are served under a posted, sliding fee schedule, or at no charge. <i>And</i> At least 20% of all patients are served either under Medicaid, under a posted sliding fee schedule, or at no charge.

Correctional facility designations remain unchanged under the new methodology. Indian Health Service facilities qualify as automatic HPSAs and will maintain their federal recognition. A designation request may be submitted by the Governor if none of the above methods produce a needed designation.

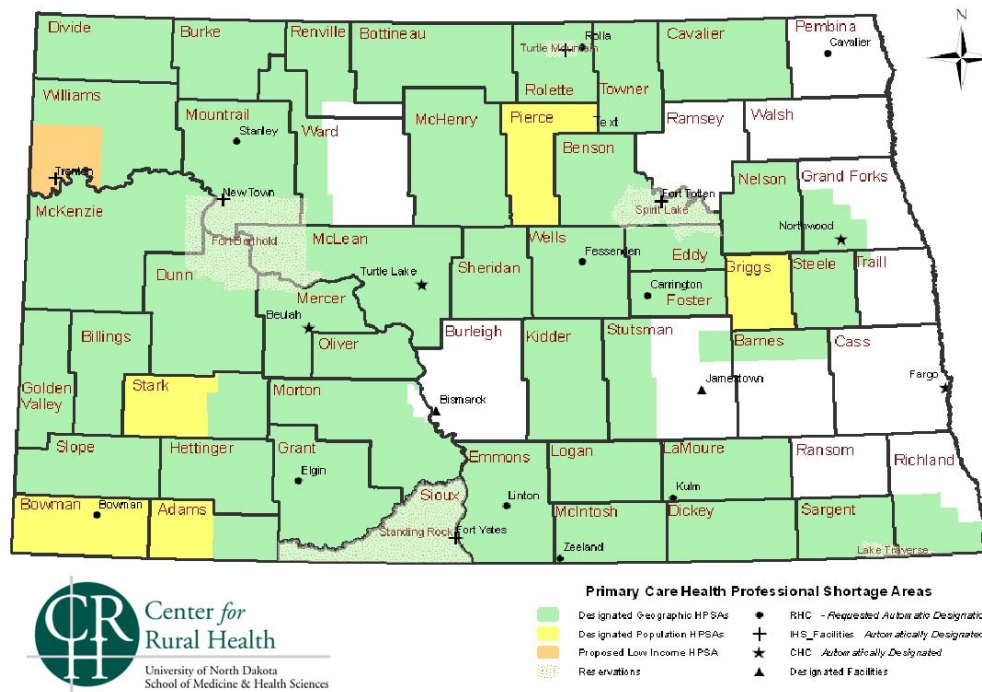
Within the new designations (Tier 1, Tier 2 and safety-net), a significant change is the proposed inclusion of nurse practitioners (NP), physician assistants (PA), and certified nurse midwives (CNM) counted as 0.5 FTE. Currently, only primary care physicians (general or family practice, pediatrics, general internal medicine, and obstetrics and gynecology) are counted.

To ensure fairness with the designation process, high need variables by category {i.e., **demographic** (persons over the age of 65, percent non-white population, percent Hispanic population and population density); **economic** (percent population < 200% poverty and unemployment rate), and **health status** (actual/expected death rate and low birth weight or infant mortality rate)} are included to adjust for increased need for primary care services based on community characteristics. The variables were selected for inclusion in the community weights due to their availability at the county level and their stability over time.

## RESULTS OF THE PROPOSED RULE<sup>5</sup>:

Figure 1 depicts the current primary shortage areas. Figure 2 displays the proposed Tier 1 and Tier 2 geographic and population designations. Federal programs with eligibility requirements tied to current HPSA and/or MUA/P designations will need to evaluate the new designations related to their program requirements. Therefore, it is not possible to determine the full impact of the proposed rules in North Dakota without knowing how various federal programs will allocate resources under the different designations.

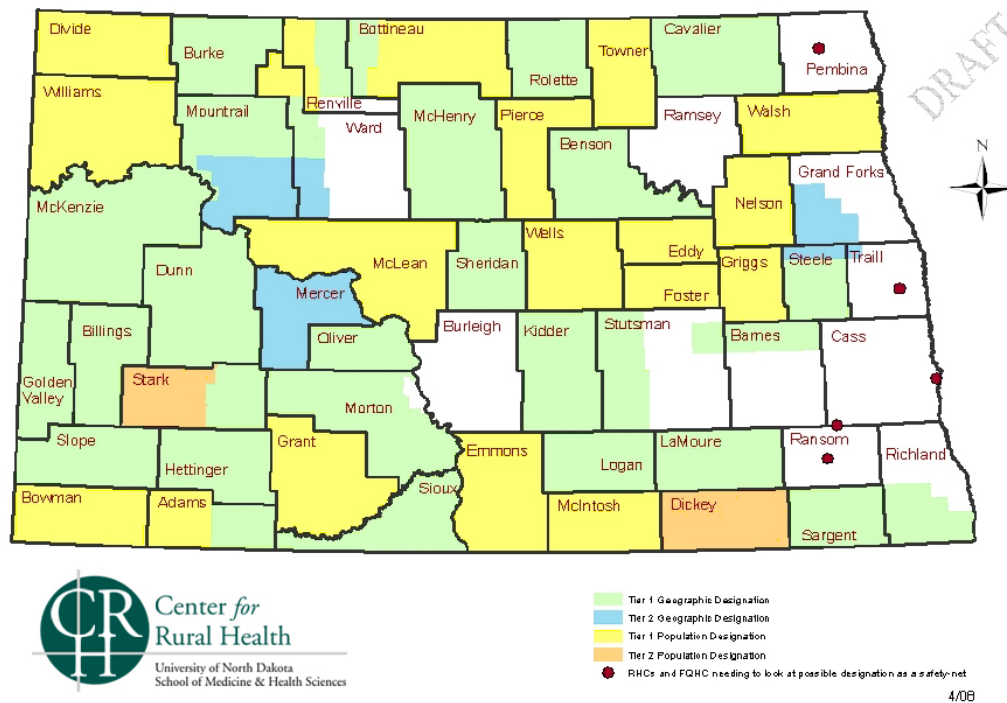
**Figure 1. Current North Dakota Primary Care Health Professional Shortage Areas**



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<sup>5</sup> Interpretation of the proposed rules by federal agency representatives has varied since the rules were published. This analysis is based on information available as of April 28, 2008

**Figure 2. North Dakota Proposed Primary Care Shortage Designations.**



Under the proposed methodology:

- Of the 42 current geographic HPSAs in North Dakota, 26 would be retained as Tier 1 geographic designations, 12 would be converted to a Tier 1 population designation. Three geographic HPSAs (Mountrail County – New Town Service Area, Mercer County, and Grand Forks County – Northwood service area) would be converted to a Tier 2 geographic designation and one (Dickey County) would be converted to a Tier 2 population designation.
- Of the five currently designated population HPSAs, four would be retained as a Tier 1 population designation and one (Stark – Dickinson service area) converted to a Tier 2 population designation. The Williston service area is currently under review for a population HPSA. That area would be retained as a Tier 1 population designation. In addition, Walsh County would acquire a Tier 1 population designation.

Although the federally funded community health center in Fargo would lose its medically underserved area designation, it does meet the safety-net facility designation. Four RHCs, located in Lisbon, Enderlin, Hillsboro, and Cavalier, no longer will be within a designated area. However, they can be evaluated to determine whether they would meet the safety-net facility designation.

Sixteen areas currently designated as geographic HPSAs will lose their 10 percent bonus payment through the Medicare incentive program for physicians. These areas include: Divide, Williams (Tioga service area), Mountrail (New Town service area), Ward (Kenmare service

area), Bottineau (Bottineau Service Area), Towner, Nelson, Grand Forks (Northwood service area), Mercer, McLean, Wells, Eddy/Foster, Grant, Emmons, McIntosh, and Dickey.

## **WHAT NEEDS TO HAPPEN**

- Comments regarding the proposed rule must be submitted to the Shortage Designation Branch no later than **May 29, 2008**. Submission of comments may be made electronically at <http://www.regulations.gov>.
- The federal programs that utilize the current designation processes will determine how this new methodology will address their eligibility and/or preference criteria.
- While not in the proposed rules, RHCs could be considered “safety-net” providers. As such, they would not be included when determining a Tier 2 shortage designation. Including RHCs as safety net providers would result in two additional counties (Ransom and Traill) having a Tier 2 geographic designation. Under this provision, Lisbon, Enderlin, and Hillsboro would not lose their RHC status.
- The Lisbon, Enderlin, Hillsboro and Cavalier RHCs that would no longer be within a designated area should be evaluated to determine if they meet the safety-net designations.
- Providers that lose the 10 percent bonus payment through the Medicare incentive program for physicians will want to analyze the associated financial impact.
- Interested parties could consider developing a Governor designated methodology for those areas/facilities that do not meet the criteria for designation under the new proposed rule.

The methodology is proposed to be phased in over three years. Areas that are in jeopardy of losing their designation may be re-designated before the current methodology expires. Doing so would allow an area to be phased in under the new designation and retain their current designation for an additional three years.