

***Bad Debt
Implications
under new RHC
payment caps***



Julie Quinn

VP, Compliance and Cost Reporting
jquinn@hsagroup.net
www.hsagroup.net



Why is it different now?

**As your rate increases, so does the importance of
Medicare Bad Debt
for your practice**



*Medicare
Bad Debt
Basics*

Unpaid Medicare Part A
Deductibles/Coinsurance
can be claimed on the
cost report

Paid at 65% of claimed
Medicare bad debts

When to write off a Medicare Bad Debt

Bad debt log is for Medicare deductibles and coinsurance deemed uncollectible and **written off clinic's books** during the cost reporting period.

It can, and most often does, contain **dates of service** prior to the current cost reporting period.

Based on write off date, not date of service!

Two types of Medicare Bad Debt:

Indigent or Medically Indigent Patients

- No collection efforts required for Medicaid beneficiaries. Must bill Medicaid and retain remittance advice as documentation

Patients not deemed to be indigent

- Collection efforts required



*Indigent
Patients*

Automatic indigence determination for Medicare/Medicaid dual-eligible beneficiaries

Must bill Medicaid for proof of eligibility and apply any Medicaid payments, if applicable.

Must have a processed State Medicaid remittance advice before allowing dual eligible bad debts



*Non-Indigent
Patients*

Reasonable Collection efforts

Same efforts as applied to all patients

Minimum of 120 Days

Why does it matter now?

Example assumes
clinic's Medicaid rate
is \$100

Medicare pays 80% of
the \$86.31 = \$69.05

Claim crossed over to
Medicaid and
Medicaid paid
patient's coinsurance
amount in full



Why does it matter now?

Example assumes
clinic's Medicaid rate is
\$100

Medicare pays 80% of
the \$126 = \$100.8

Claim crossed over to
Medicaid and
Medicaid pays \$0 (as
Medicare has paid
more than the clinic's
Medicaid rate)

Patient's unpaid
coinsurance of \$25.20 is
claimed on Medicare
Bad Debt log – pays at
65% on Medicare cost
report

