

Senior Living & Long-Term Care

Fine Tuning: Your Approach to Reimbursable Medicare Part A Coinsurance Bad Debts

In order to claim Medicare Part A coinsurance and deductibles as Medicare bad debts on your Facility's Medicare cost report, CMS requires these amounts to be written off to an expense account for uncollectible amounts. Give your process for collecting coinsurance and deductibles, and claiming the unpaid amounts as Medicare bad debts a tune-up by following the Exhibit 1 filing checklist below.

Submitting

Coinsurance billed timely with appropriate denial documentation

Must have Medicare Remittance Advice with paid Medicare Part A claim before potential coinsurance write-offs can be considered

Note: It's critical to use a calendar or scheduling tool to submit in a timely fashion. Failure to do so not only jeopardizes the claim, but also precludes you from being reimbursed for the bad debt.

Cost Reporting

Must be written off in both the accounts receivable ledger and general ledger in the cost reporting period in which bad debt is being claimed

Ensure that the write-offs are being recorded in a bad debt expense account to comply with CMS policy

Reimbursable Claims: Dual Eligible

Dual Eligible – Medicaid's portion of coinsurance when the state doesn't pay the full amount of the coinsurance

Must have Medicaid "No-Pay" Remittance Advice before writing off as bad debt

Reduce coinsurance by any payment from Medicaid (if applicable)

Reimbursable Claims: Non-Dual Eligible

Non-Dual Eligible – Private pay when considered uncollectible

Issuance of bill to responsible party within normal billing cycle (within 90 days of the Medicare remit) or on/shortly after discharge or death

Reasonable attempts to collect coinsurance. Documentation must be provided to support collection attempts via subsequent billings, collection letters, telephone calls, personal contacts, etc.

Must use collection agency if normal practice for other non-Medicare collections

Note: Allow more than 120 days from the date first billed before writing off.

Non-Reimbursable Claims That Should Not Be On Exhibit 1

Part B

Managed Care

Note: Even though Managed Care and Part A may seem similar, Managed Care cannot be included on Exhibit 1.