Chapter 8

Payments and Adjustments, Refunds

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Chapter 8 Contents

Section 8-1 Payments and Adjustments ***Pages 8-1-1 through 8-1-15***

This chapter starts with an overview of the different transaction types available in LeonardoMD. Then you will be taken through a case study that demonstrates how to post insurance payments, post patient payments, create patient or insurance credit adjustments, and how to create insurance debit adjustments. Screenshots along with detail explanations of workflow and features are provided.

Section 8-2 Unapplied Payments ***Pages 8-2-1 through 8-2-4***

This chapter illustrates how to create unapplied payments and how to apply them when charges are available on the account. This chapter will also demonstrate how unapplied payments affect the patient's account.

Section 8-3 Refunds ***Pages 8-3-1 through 8-3-3***

This chapter expands upon the knowledge provided in chapter 8-1. It will focus on how to create a refund using the refund icon from the payment / adjustment detail screen. NOTE: The first chapter will demonstrate how to create debits which are essentially the same thing as refunds. Using the refund icon is not the only way to create refunds.

Chapter 8-1 – Payments

Overview

LeonardoMD uses a simple credit(-) vs debit(+) theory to handle payment posting and management. The following are concepts that must be understood to post and manage payments correctly:

- Payer – There are only two possibilities for payers in LeonardoMD: 1) The Patient, 2) The Insurance Company.
- Transaction Type – A transaction is either a debit (+) or a credit (-) which will be discussed below. There are four basic transactions for both patient payers and insurance payers respectively:
    - Payment (-)
    - Adjustment Credit (-)
    - Adjustment Debit (+)
    - Refund Debit (+)
- Payments are treated as credits(-) in the system and usually offset a charge.
- Charges are treated as debits(+) in the system and usually are offset by payments.
- If a payment is posted to the system and there is no charge to offset it, the result is a credit that will appear on the patient's account. That credit will also be unapplied.
- Applied transactions are payments and/or adjustments entered into the system that have either a debit(+) or credit(-) to offset them. Payments that are applied have to be associated to a procedure code otherwise they are unapplied.
    - ie, If there is a $25.00 charge (debit +) balance due showing on an account and a $25.00 payment (credit -) is applied to it, the result is that the applied $25.00 will decrease the $25.00 charge (debit +) to zero, and thus offsetting it. NOTE: Payments do not always completely offset charges. Usually in this situation an additional adjustment is required.
- Unapplied transactions are payments and/or adjustments that have been entered into the system that have not been associated to a procedure. Unapplied transactions appear in red in the account ledger.
- Adjustments: debit(+) or credit(-). There are two types of adjustments that can be used for anything on the account. Those are debit(+) adjustments and credit(-) adjustments. Here are some examples of each:
    - Debit(+) adjustment: A $30.00 payment was applied to a $25.00 charge that left the charge and account with a $5.00 applied credit. A "debit(+)" adjustment of $5.00 is created to offset the $5.00 applied credit and the balance becomes $0.00.
    - Credit(-) adjustment: A $30.00 charge was applied to a date of service that is not going to be paid so a $30.00 "credit(-)" adjustment is created to offset the charge and the balance becomes $0.00.
- Refund debit(+): A refund debit accomplishes the exact same thing as posting a regular adjustment debit(+). The difference is the refund debit (+) will be labeled as a refund and can be created quickly using the red dollar sign icon on the payment / adjustment detail page. This will be discussed in detail later in the chapter.

Posting Payments/Adjustments

The following case study will be used to demonstrate how to:

1. Post Insurance Payments (-)
2. Post Patient Payments (-)
3. Create Patient Credit Adjustment (-)
4. Create Insurance Credit Adjustment (-)
5. Create Insurance Debit Adjustment (+)

This section will also cover the Payment Grid for both patient transactions and insurance transactions in detail.

The following is an image of the superbill that will be used to demonstrate the functions listed above.

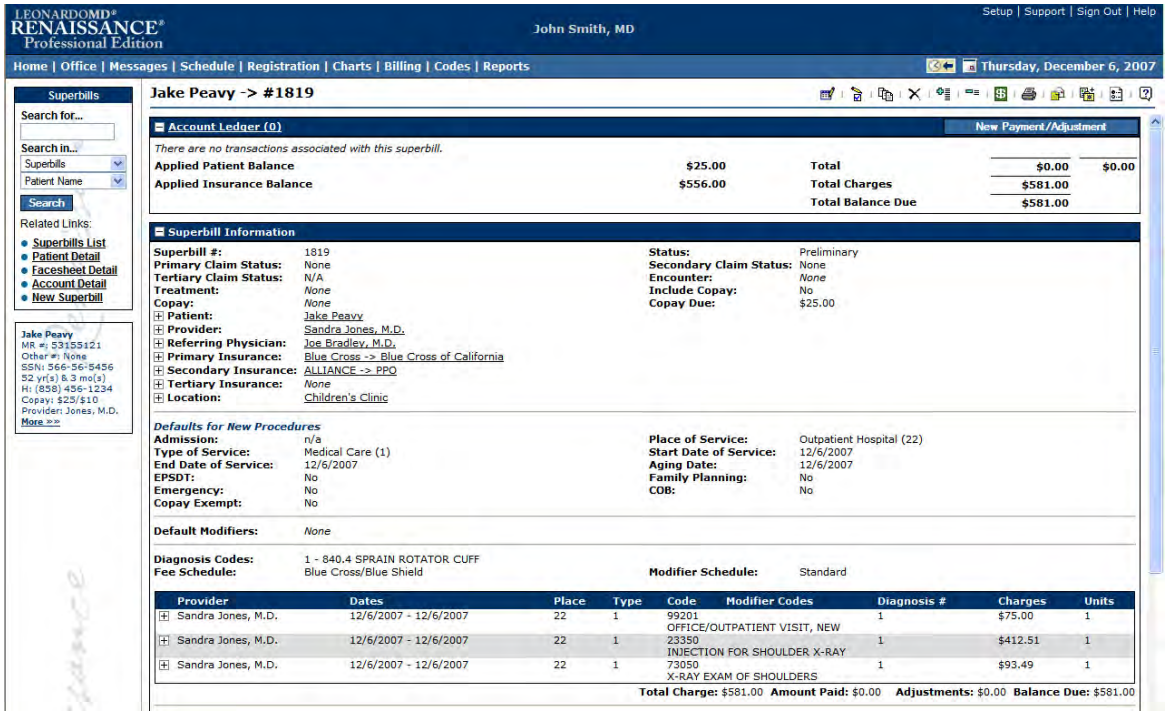

Figure 8-1-1 Superbill

Key things to note about the superbill above:

1. The Applied Patient Balance is $25.00.
2. The Applied Insurance Balance is $556.00.
3. The Total Superbill Balance is $581.00.
4. 3 charges have been added at the bottom of the image that make up the above charges. These charges are what will be used to apply payments and adjustments against.
5. The Patient Balance of $25.00 comes from the “Copay Due” field located at the top right under the second information box called “Superbill Information”. NOTE: Since no transactions appear in the “Account Ledger,” a copay has not yet been paid or has not yet been attached to this superbill. Also note that there are two ways to get rid of this balance: 1) Edit the superbill and hit the “Copay” button to either attach an already paid copay, or hit the “New Copay” button on the bottom of the copay dialog window that pops up when the copay button is pressed. Or 2) Create a normal patient payment in the amount of the copay due. This will appear as a patient payment and not as a copay, but it will offset the charge and show that payment was received.

1.) Payment scenario for Screen shot 8-1-1

- Blue Cross EOB in the amount of $500.00. Dispersion of payments will be shown in payment grid screen shot.

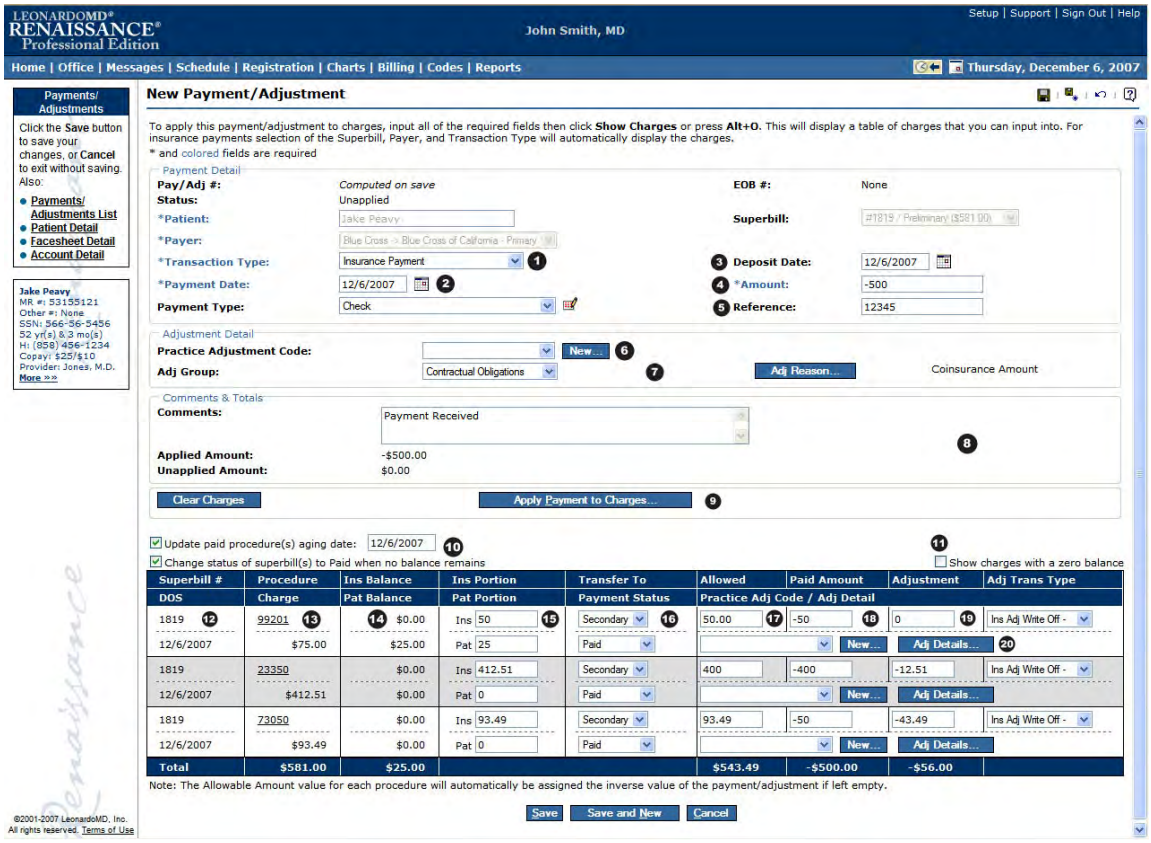

Figure 8-1-2 Insurance Payment/Adjustment Grid

Insurance payment screen and grid explanation shown in Figure 8-1-2 above

1. **Transaction Type** – When posting insurance payments, set transaction type to “Insurance Payment.”
2. **Payment Date** – The payment date field can be used in any way needed, and it will default to the date the payment is created if no changes are made. NOTE: When running Day Sheet Payment reports, the user will have the option of running the report off of the payment date field.
3. **Deposit Date** – The deposit date field allows the user to keep track of the payment using a different date if desired. The deposit date will default to the date the payment is made if no changes are made. An example of how the payment date could be used is: 1) A payment is entered into LeonardoMD on 01/05/2007 but was deposited in the bank on 01/01/2007. 2) The deposit date field could be set to 01/01/2007, and the payment date field could be set to 01/05/2007. 3) Two separate Day Sheet reports could then be run using the payment date field for the first and the deposit date field for the second. NOTE: Use these two fields however you like to add flexibility to your Day Sheet reporting.
4. **Amount** – The amount field is the total amount of the payment that is being posted.
5. **Reference** – The reference field can be used for any type of reference to the payment and is most commonly used in conjunction with the “Payment Type Field” to show what the check number is on the payment.

6. **Practice Adjustment Code** – The practice adjustment code field is a custom adjustment that can be assigned to any adjustment by the practice. For example, if your practice offers a courtesy discount to certain patients you may create a practice adjustment code called “courtesy discount” which would be available for use in the practice adjustment code drop down menu. NOTE: Use the “New” button to create new practice adjustment codes on the fly.
7. **Adjustment Group / Adjustment Reason** – The adjustment group and reason can be set here if you are entering unapplied payments since there will be no grid available at the bottom of the screen to apply adjustment groups and reasons. NOTE: If you are actually entering an applied payment you will set the adjustment group and reason at the grid level. The example in Figure 8-1-2 shows an adjustment group and reason on the top level; however, you would probably not have an adjustment group and reason at this level if you were applying payment to the grid. The adjustment group and reason would be entered at the grid level.
8. **Comments & Totals** – Comments that are added here can be seen by hovering over the icon next to the payment/adjustment from the account ledger on the patient’s account detail. The totals section will show how much of the total payment has been applied to the grid below and how much is still unapplied.
9. **Apply Payment to Charges (See Figure 8-1-3)** – *NOTE: The preferred method of posting payments is “Manually Post” which is explained later in this chapter.* The “Apply Payment to Charges” button, when pressed, allows the user to enter total amounts of all allowed amounts, all payments, and all adjustments on one pop-up screen. Once the total allowed amount, total payments, and total adjustments are entered the user can then check off the box next to each procedure that will be affected by the totals. When saved, LeonardoMD will apply payments using the following logic based on a percentage:
    a. Percentages are determined as follows:
        i. Allowed Percentage = Total Allowed Amount divided by Total Charges
        ii. Paid Percentage = Total Paid Amount divided by Total Charges
        iii. Adjustment Percentage = Total Adjustment divided by Total Charges
    b. Once percentages are determined by the system, amounts will be disbursed to each procedure in the grid using the following logic:
        i. Allowed amount = Procedure Charge multiplied by Allowed Percentage
        ii. Paid amount = Procedure Charge multiplied by Paid Percentage
        iii. Adjustment amount = Procedure Charge multiplied by Adjustment Percentage

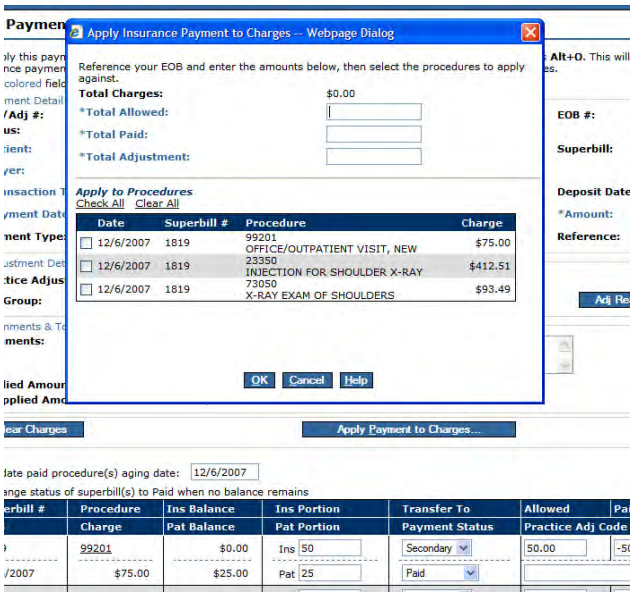

Figure 8-1-3 Insurance Payment/Adjustment Grid

10. **Update Paid Procedures Aging Date, Change Status of Superbill(s) to PAID when no balance remains** – The "Update Procedures Aging Date" option will update the aging date on each procedure to whatever date is selected, when the check box associated to it is checked. This is a useful tool because the user can update aging dates on the fly when insurance payments are posted rather than having to go back after the insurance payment is posted and do more work. There is a personalization setting in Payments / Adjustments that allows the user to turn this option on or off. By default the update procedures aging date option is turned on and will default to the date the insurance payment is posted. The main purpose of this field is to restart the aging process for the patient so they are not penalized for the time it took the insurance company to pay. The update status of superbill(s) to PAID when no balance remains option will automatically change the status of the superbill(s) to PAID for the user once the balance for that bill becomes $0.00.
11. **Show charges with a zero balance** – By default the insurance payment grid does not show any charge that has a balance of zero. When editing or doing research, the user may need to see all procedures associated to that bill even if the associated balances for those procedures is zero. By checking the "Show Charges With a Zero Balance" check box the grid will display both procedures with a balance and without. NOTE: If there are no procedures in the grid with a balance, the grid will not show at all. In this case check the "Show Charges With a Zero Balance" check box, and the grid will appear.
12. **Superbill # and Date of Service** – The grid will show each procedure one line item at a time. Each line item will be separated by alternating background colors. For example, in Figure 8-1-2 the first procedure line item has a white background, the second has a light grey background, and the third alternates back to a white background. On top of the grid each title corresponds to the top and bottom of each line item. For example, in Figure 8-1-2 the superbill number is 1819 and the Date of Service is 12/6/2007.
13. **Procedure and Charge** – The procedure for each line item will show in this area. This is the procedure that any payments entered on that same line will be applied against. NOTE: Click on the procedure to launch a pop-up window with more detailed procedure information. Below the procedure code the charged amount for that procedure will appear.
14. **Insurance Balance and Patient Balance** – The insurance balance and patient balance for the procedure on each line will show here. NOTE: It is recommended that you check these balances after payment is posted in the grid to make sure they are correct BEFORE saving. These balances will re-calculate automatically once payment is entered into the gird. If the balances are incorrect before the payment is saved, then they will be incorrect after the payment is saved.
15. **Insurance Portion and Patient Portion** – The insurance portion and patient portion of the charge on each line will show here. This represents the amount of each charge that the insurance and patient is responsible for paying. NOTE: The user can manually update these directly from the payment grid if they appear incorrect. Also note that updating the procedure portions will affect the insurance balance and patient balance. Most of the time users will not need to touch these fields. They are there for convenience.
16. **Transfer To and Payment Status** – The "Transfer To" and "Payment Status" drop down menus allow the user to instruct the system what to do with remaining balances on each line once payment and adjustments are applied. NOTE: The user will be able to preview these changes in the grid under Insurance Balance and Patient Balance, however changes will not be made until the payment is saved. There are three main "Transfer To" fields in the drop down menu:
    a. **Primary** – This represents the Primary Insurance for the patient. By default, any remaining balance will be transferred to the secondary insurance if one exists for the patient on that superbill. However, if you decide that you want the remaining balance to remain on the primary insurance side of the account you may manually select "Primary."
    b. **Secondary** – This represents the Secondary Insurance on the patient's account. By default, if there is secondary insurance on the superbill, remaining balances will be transferred to it. Manually select "Secondary" to force remaining balances to transfer to the secondary side of the account for that superbill if necessary.
    c. **Patient** – This represents the patient side of the account. By default "Patient" will be selected if no secondary insurance exists on the superbill. Manually select "Patient" to force remaining balances to move to the patient side of the account if necessary.
    d. The following "Payment Statuses" are used to specify any abnormal conditions when applying the payment. The default value for this field is Paid. The available options are:
        i. **Paid** - default value which specifies a standard payment with no outstanding issues.

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ii. **Denied** - specifies a payment was denied. Usually, this will mean a $0 payment amount is entered for the "Paid Amount" value. Note: The claim associated to this payer/procedure will still be updated as "Paid" since the payment status is a procedure level field. Patient statements will include this as a note in the statement detail section. Note: This value was moved from the transfer to (Patient Denied) field in the August 2006 release.
iii. **Crossover** - this value specifies that the primary payer has automatically forwarded the claim to the next payer (usually the secondary payer) and no claim needs to be submitted for the secondary payer. If this value is set for any procedure for a claim (usually, all procedures for the claim will have this value), the claim status is set to paid for the primary claim and the secondary claim status value is set to "Crossover". This allows the superbill to be excluded from secondary claim batches since the secondary claim status value will not be equal to preliminary.
iv. **Bundled** - when this value is selected, a procedure code input box appears to the right of the payment status field. This value allows you to specify what the code the insurance company has "bundled" this code to. Bundling occurs when multiple procedures codes are combined into a single procedure code.
v. **Unbundled** - when this value is selected, a procedure code input box appears to the right of the payment status field. This value allows you to specify what the code the insurance company has "unbundled" this code to. Unbundling occurs when a single procedure code is split into multiple codes.
vi. **Deductible** - use this when the insurance payment indicates a patient balance due because of a deductible. Patient statements will include this as a note in the statement detail section. Note: This value was moved from the transfer to (Patient Denied) field in the August 2006 release.
vii. **Coinsurance** – use this when the insurance payment indicates a patient balance due is because of coinsurance.
viii. **Copay** – use this when the insurance payment indicates the patient balance due is because of a copay that is owed.

e. ***Medicare Secondary Claim Note*** - If submitting Medicare Secondary claims a field will appear next to the payment status drop down that will allow user to enter an adjustment that will be added to the 837 electronic claim as a "Patient Responsibility" adjustment. NOTE: This may or may not calculate automatically. If it does not calculate automatically you can click the calculator icon that will appear to have the value automatically entered.

17. **Allowed Amount** – Enter the allowed amount for the procedure on the current line item here. Typically, the allowed amount can be found on the Explanation of Benefits (EOB) that accompanied the payment from the insurance company. NOTE: Allowed amounts can be stored in the system at the Fee Schedule level. See practice setup guide for more information on fee schedules. If allowed amounts for individual procedures are stored in the system at the fee schedule level, those amounts will be pulled up automatically when the payments are posted for them.
18. **Paid Amount** – Enter the paid amount for the procedure on each line here. NOTE: If an allowed amount exists for the procedure on the current line, you can hit the "tab" key to have the adjustment automatically calculated using the following formula:
    a. Procedure Charge minus Allowed Amount = Adjustment. NOTE: If the adjustment is not correct the user will have to manually correct it by typing in a new value.
19. **Adjustment and Insurance Adjustment Type** – Enter Adjustment amount for the procedure on each line here. NOTE: This field can automatically be calculated and entered by the system if the Allowed Amount is entered first, followed by the Payment Amount, and the "tab" key is used to move from the Payment Amount field to the Adjustment field. See Paid Amount description above for more information. Adjustments entered in the adjustment field will be created as separate transactions once the payment is saved and will directly affect the insurance or patient balance on each line for each procedure. However, users may edit adjustments and payments for one procedure from the same edit screen if they were entered at the same time. The insurance adjustment type can be set to "Insurance Writeoff Credit (-)" or "Insurance Adjustment Debit (+)" from the same screen to either take away from the remaining balance or add to it respectively. Use the drop down menu to select the desired adjustment type.

20. **Practice Adjustment Code and Adjustment Detail** – The practice adjustment code is an option field that can be used by the practice to track custom practice adjustments such as courtesy discounts. Use the drop down menu to select the desired practice adjustment. If the practice adjustment you need has not been created yet and you are a user with permissions to create practice adjustments, use the "New" button to the right of the practice adjustment code drop down menu to create a new practice adjustment code on the fly and associate to the procedure. The adjustment detail button will launch the pop-up window seen in Figure 8-1-4 to allow users to enter all adjustment information from the insurance Explanation of Benefits (EOB) for each procedure.

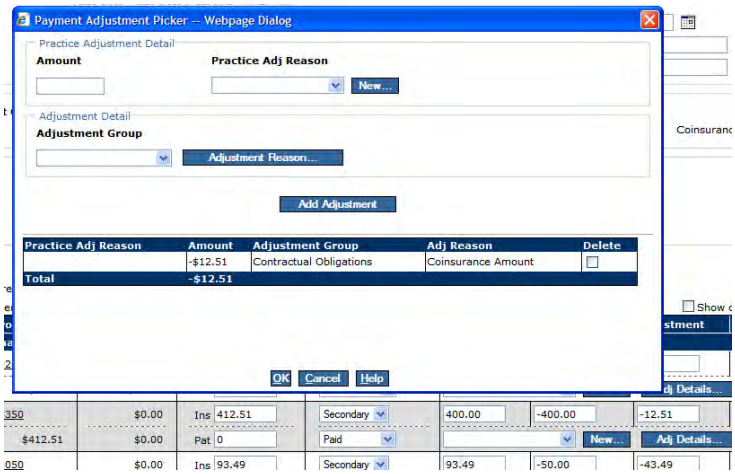

Figure 8-1-4 Insurance Payment/Adjustment Grid

NOTE: To add an adjustment detail to each procedure, you will have to click the "Adj Details" button next to each one.

Click "Save" when finished.

Figure 8-1-5 below shows what the Account Ledger from the Superbill will look like after the insurance payment is applied. NOTE: The "Applied Patient Balance" still remains $25.00 because the patient payment or copay has not been applied yet.

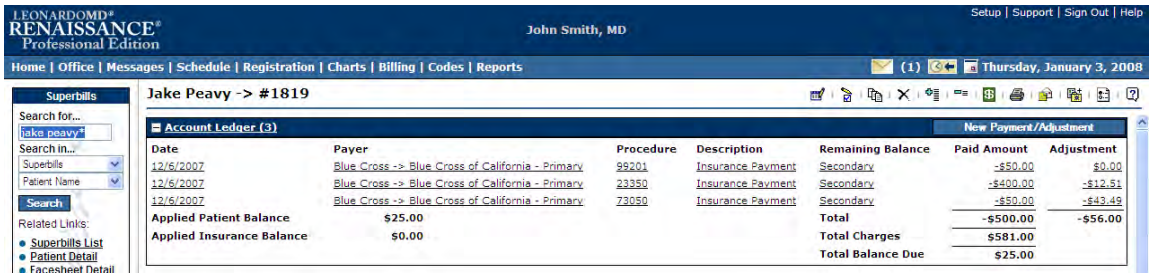

Figure 8-1-5 Account Ledger after insurance payment has been paid.

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2.) Payment scenario for Screen shot 8-1-6

- Patient Payment $20.00.

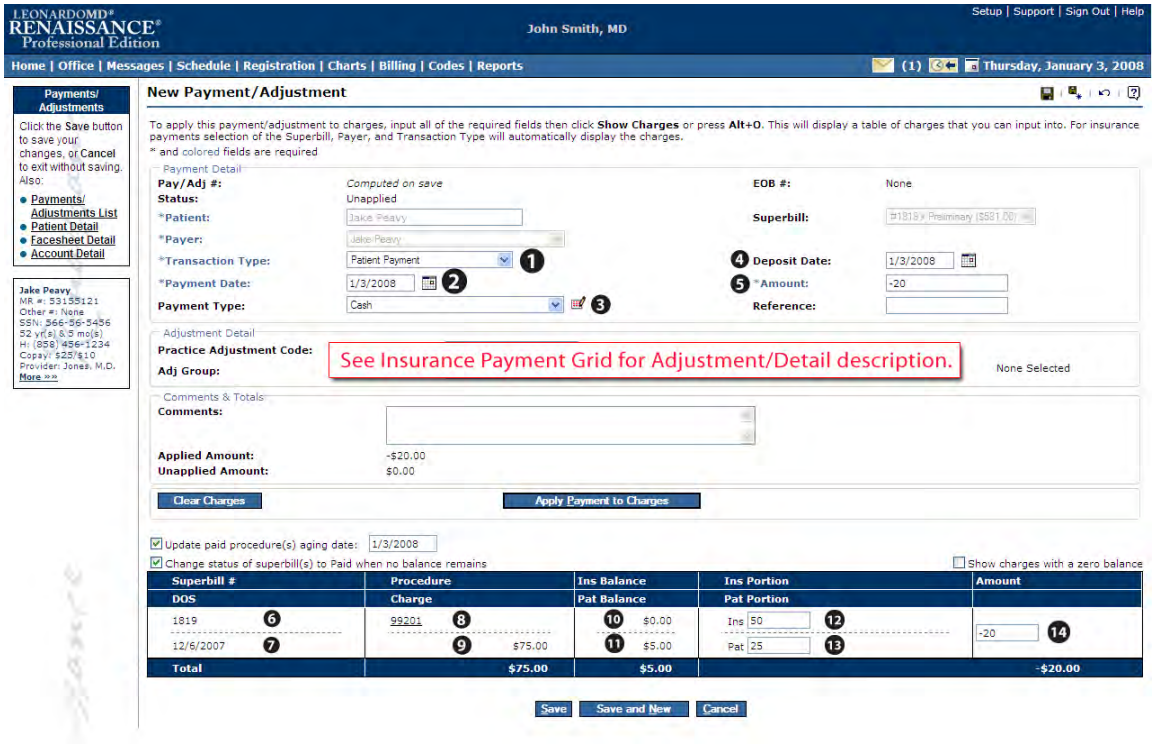

Figure 8-1-6 Patient Payment Grid.

Patient Payment Grid explanation shown in Figure 8-1-6 above

1. **Transaction Type** – When posting patient payments, set transaction type to “Patient Payment.”
2. **Payment Date** – The payment date field can be used in any way needed, and it will default to the date the payment is created if no changes are made. NOTE: When running Day Sheet Payment reports, the user will have the option of running the report off of the payment date field.
3. **Payment Type** – When posting payments, set the “Payment Type” field to whatever you need. NOTE: This field is dynamic, which means that authorized staff members can add or take away options in this drop down menu using the icon. Also note that there is a payment type day sheet located in the “Reports” module that generates reports from this field. This can be useful for customizing your reports.
4. **Deposit Date** – The deposit date field allows the user to keep track of the payment using a different date if desired. The deposit date will default to the date the payment is made if no changes are made. An example of how the payment date could be used is: 1) A payment is entered into LeonardoMD on 01/05/2007 but was deposited in the bank on 01/01/2007. 2) The deposit date field could be set to 01/01/2007, and the payment date field could be set to 01/05/2007. 3) Two separate Day Sheet reports could then be run using the payment date field for the first and the deposit date field for the second. NOTE: Use these two fields to add flexibility to your Day Sheet reporting.
5. **Amount** – The amount field is the total amount of the payment that is being posted.
6. **Superbill #** – The grid will show each procedure one line item at a time. Each line item will be separated by alternating background colors. On top of the grid, notice that each title corresponds to the top and bottom of each line item. For example, in Figure 8-1-6 the superbill number is 1819 and the Date of Service is 12/6/2007.

7. **Date of Service** – The grid will show each procedure one line item at a time. Each line item will be separated by alternating background colors. On top of the grid, notice that each title corresponds to the top and bottom of each line item. For example, in Figure 8-1-6 the superbill number is 1819 and the Date of Service is 12/6/2007.
8. **Procedure Code** – In Figure 8-6 the procedure code is 99201 and is shown on the top line of the two line grid.
9. **Charge** – In Figure 8-1-6 the charge of the procedure code is $75.00 and is shown in the second line or the two line grid.
10. **Insurance Balance** – The insurance balance for the procedure on each line will appear here. NOTE: It is recommended that you check these balances after payment is posted in the grid to make sure they are correct BEFORE saving. These balances will re-calculate automatically once payment is entered into the gird. If the balances are incorrect before the payment is saved, then they will be incorrect after the payment is saved.
11. **Patient Balance** – The patient balance for the procedure on each line will appear here. NOTE: It is recommended that you check these balances after payment is posted in the grid to make sure they are correct BEFORE saving. These balances will re-calculate automatically once payment is entered into the gird. If the balances are incorrect before the payment is saved, then they will be incorrect after the payment is saved.
12. **Insurance Portion** – The insurance portion of the charge on each line will appear here. This represents the amount of each charge that the insurance is responsible for paying. NOTE: User can manually update these directly from the payment grid if they appear incorrect. Also note that updating the procedure portions will affect the insurance balance and patient balance. Most of the time user will not need to touch these fields. They are there for your convenience.
13. **Patient Portion** – The patient portion of the charge on each line will show here. This represents the amount of each charge that the patient is responsible for paying. NOTE: You can manually update these directly from the payment grid if they appear incorrect. Also note that updating the procedure portions will affect the insurance balance and patient balance. Most of the time you will not need to touch these fields. They are there for your convenience.
14. **Paid Amount** – Enter paid amount for procedure on each line here. NOTE: Hitting the "Apply Payment to Charges" button above the grid will disperse the payment across all the charges starting with the first on at the top of the grid until funds have been fully applied.

Click "Save" when finished.

Helpful Hints:

- There is a "Show charges with a zero balance" check box on the top right of the payment grid seen in Figure 8-1-6 that will pull up the payment grid even if charges have a zero balance when checked. This option is useful when editing payments that have already zeroed out.
- Check the "Insurance Balance and Patient Balance" checkbox in the payment grid after the payments have been entered in the amount field, and ensure that they are correct before saving the payment. Comments added to the payment / adjustments comment field are viewable by hovering over the icon next to the transaction in the "Account Ledger" on the patient's "Account Detail" page.

Figure 8-1-7 shows what the Account Ledger from the Superbill will look like after the patient payment is applied. NOTE: The "Applied Patient Balance" is $5.00 because the patient payment applied was only $20.00. We will demonstrate.

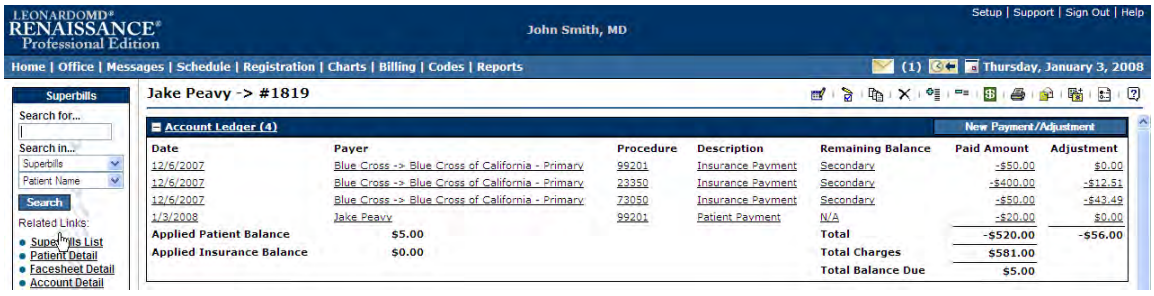

Figure 8-7 Account Ledger from Superbill 1819 after both insurance payment and patient payments have been paid.

3.) Patient Adjustment scenario for Screen shot 8-1-8

- Patient Adjustment $5.00. NOTE: Below is a hypothetical example of what the patient adjustment screen would look like if you were to adjust the remaining $5.00 balance off the bill.

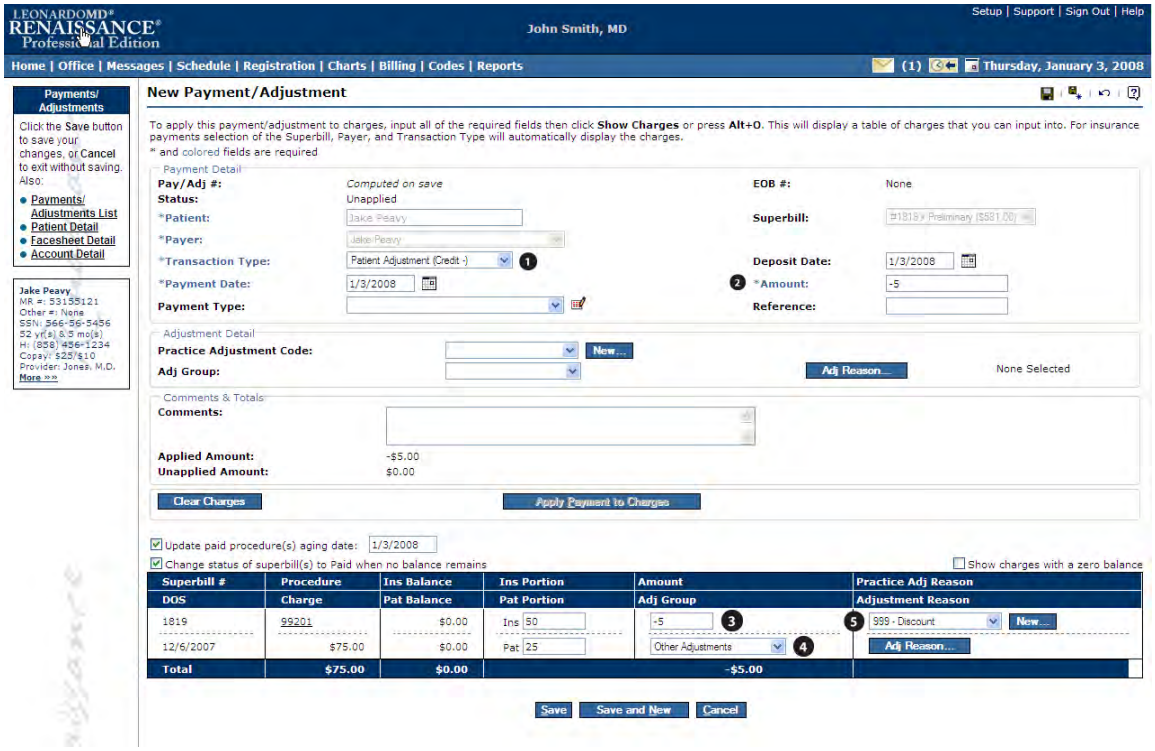

Figure 8-1-8 Patient Adjustment grid.

Patient Adjustment Grid explanation shown in Figure 8-1-8 above

1. **Transaction Type** – The transaction type in this example is set to “Patient Adjustment (Credit -)” to create a credit adjustment of $5.00 to zero out the patient balance side of superbill 1819.
2. **Amount** – Enter the amount of the adjustment to be applied in this field.
3. **Amount field in grid** – Re-enter the adjustment amount here to apply to procedure code. NOTE: Hitting the “Apply Payment to Charges” button above the grid will also apply the adjustment amount to the grid.
4. **Adj Group** – This code identifies the general category of payment adjustment. Select a value from the drop-down list. This field is required when sending 837 Professional claims to secondary and tertiary payers and if there are adjustments made by the prior payer. This corresponds to loop 2320 segment value CAS01. If you are entering a payment/adjustment from a primary payer and you plan to submit a secondary claim, for example, you should make a selection here. Note: This field should only be used when the transaction type is an adjustment.
5. **Practice Adjustment Code** – This value identifies an optional practice adjustment code defined by the practice for an adjustment. Usually, this field should only be used when creating an Unapplied Adjustment. This field should not be used if the adjustment is being applied. The “New” button next to the drop down list allows you to create a new practice adjustment on the fly. See the practice adjustment codes for more detail.

Click “Save” when finished.

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Figure 8-1-9 shows what the Account Ledger from the Superbill will look like after the patient adjustment is applied. NOTE: Both the Applied Patient Balance and Applied Insurance Balance are now zero.

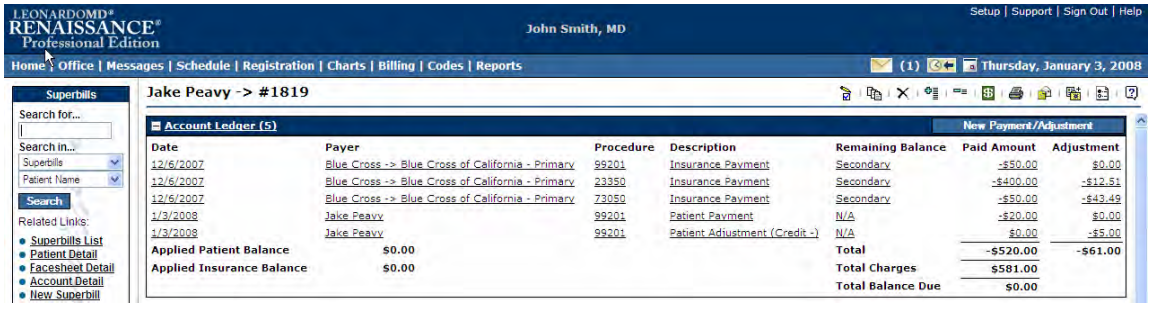

Figure 8-1-9 Account Ledger Superbill # 1819 after $5.00 patient adjustment.

4.) Insurance Adjustment Credit (-) scenario for Screen shot 8-1-10

- Insurance Adjustment Credit (-) $10.00.

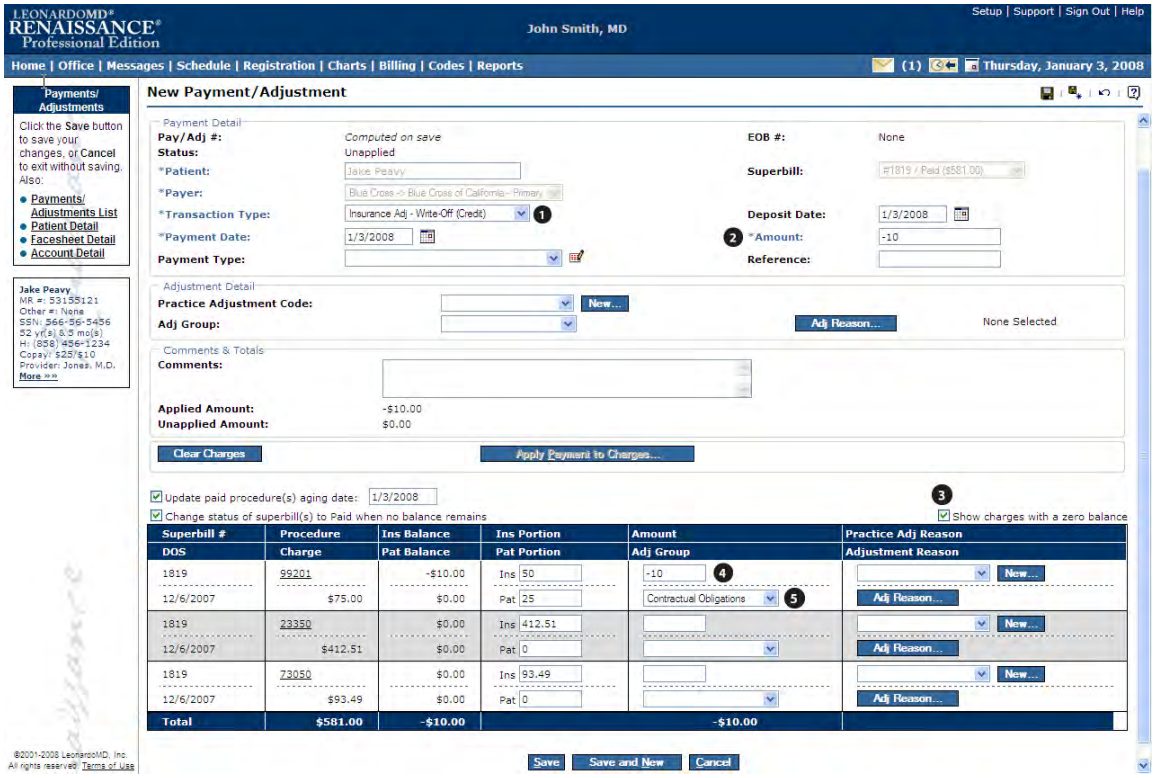

Figure 8-1-10 Insurance Adjustment (Credit -) grid.

Insurance Adjustment Grid explanation shown in Figure 8-1-10 above

1. **Transaction Type** – For an insurance credit adjustment, set the Transaction Type to "Insurance Adj – Write-Off (Credit -)."
2. **Amount** – Enter the credit amount in the amount field.
3. **Show charges with a zero balance** – Because the insurance payments have already been posted, the charges have a balance of zero; therefore, they will not show up in the adjustment grid until the "Show charges with a zero balance" check box is checked.
4. **Amount field in the adjustment grid** – Re-enter the adjustment amount in this field to apply to a procedure.
5. **Adj Group** – This code identifies the general category of payment adjustment. Select a value from the drop-down list. This field is required when sending 837 Professional claims to secondary and tertiary payers and if there are adjustments made by the prior payer. This corresponds to loop 2320 segment value CAS01. If you are entering a payment/adjustment from a primary payer and you plan to submit a secondary claim, for example, you should make a selection here. Note: This field should only be used when the transaction type is an adjustment.

Click "Save" when finished.

Figure 8-1-11 shows what the Account Ledger from the Superbill will look like after an insurance credit adjustment of $10.00 is applied. NOTE: The Applied Insurance Balance now reads -$10.00, representing a credit of $10.00 in the insurance side of the bill. In our next example we will demonstrate how to adjust this credit balance off of the bill.

Figure 8-1-11 Account Ledger from Superbill 8-11 after $10.00 insurance credit adjustment is applied.

Step 5 in case study continued on next page.

5.) Insurance Adjustment Debit (+) scenario for Figure 8-1-12

- Insurance Adjustment Debit (+) $10.00.

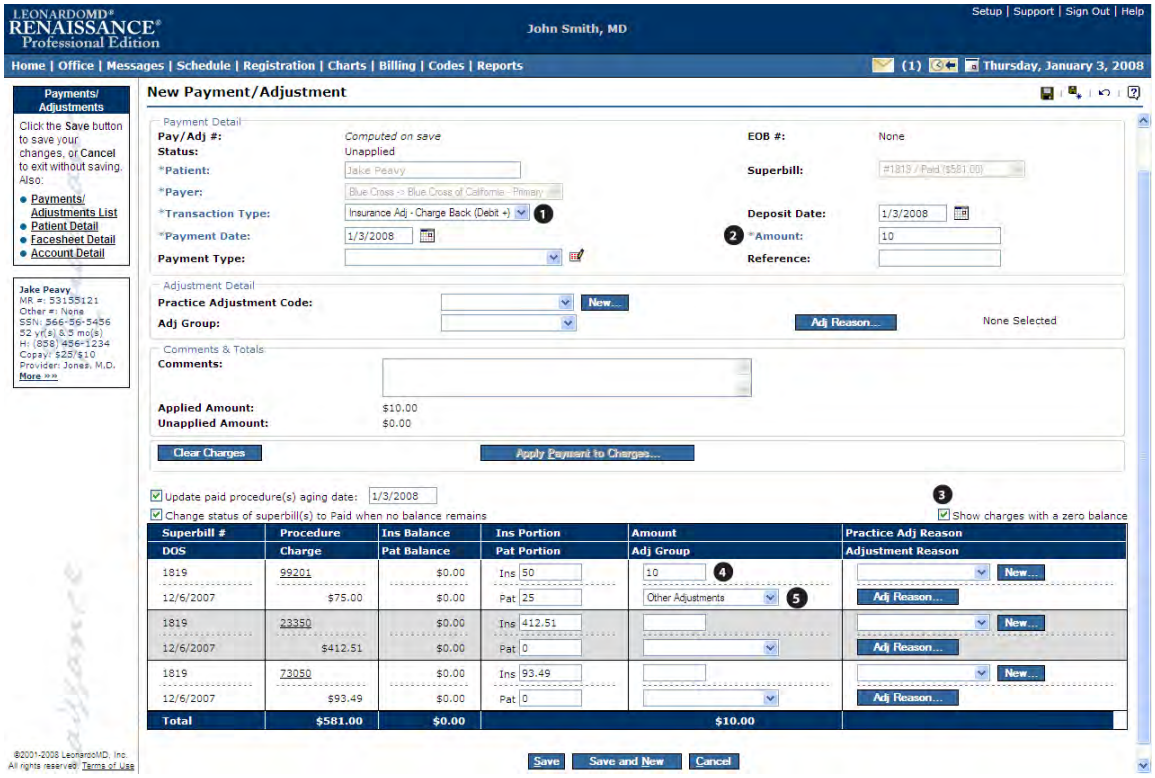

Figure 8-1-12 Insurance Adjustment (Debit +) grid.

Insurance Adjustment Grid explanation shown in Figure 8-1-12 above

1. **Transaction Type** – For an insurance credit adjustment, set the Transaction Type to “Insurance Adj – Charge Back (Debit +).” NOTE: There is an additional Transaction Type called “Insurance Payment Refund (Debit +)” which if selected, will accomplish the same thing as a “Insurance Adj – Charge Back (Debit +).” Both transactions will create a debit on the account. It is up to the user which transaction type to use. Some reports allow the user to specify which transaction types should be included.
2. **Amount** – Enter credit amount in the amount field.
3. **Show charges with a zero balance** – Because the insurance payments have already been posted the charges have a balance of zero, therefore will not show up in the adjustment grid until the “Show charges with a zero balance” check box is checked.
4. **Amount field in the adjustment grid** – Re-enter adjustment amount in this field to apply to procedure.

5. **Adj Group** – This code identifies the general category of payment adjustment. Select a value from the drop-down list. This field is required when sending 837 Professional claims to secondary and tertiary payers and if there are adjustments made by the prior payer. This corresponds to loop 2320 segment value CAS01. If you are entering a payment/adjustment from a primary payer and you plan to submit a secondary claim, for example, you should make a selection here. Note: This field should only be used when the transaction type is an adjustment.

Click "Save" when finished.

Figure 8-1-13 shows a final look at what the Account Ledger from the Superbill will look like after an insurance debit adjustment of $10.00 is applied. NOTE: Both the Applied Patient and Insurance Balances now read zero again.

Figure 8-1-13 Account Ledger from Superbill #1819 after $10.00 debit adjustment is applied.

-- End of Case Study --

Chapter 8-2 Unapplied Payments

Overview: There may be a time when you need to add a pre-payment to the system. This chapter will explain how to use unapplied payments as pre-payments, and what to expect when using this method of pre-payments.

Case Study: In the following case study you will learn how to:

1. Post an unapplied payment of $100.00.
2. Examine the "Patient Account Detail" to see how the unapplied payment affects the account.
3. Apply unapplied payment to one Superbill or multiple Superbills from the payment screen.

Figure 8-2-1 below illustrates the payment screen when creating an unapplied payment of $100.00.

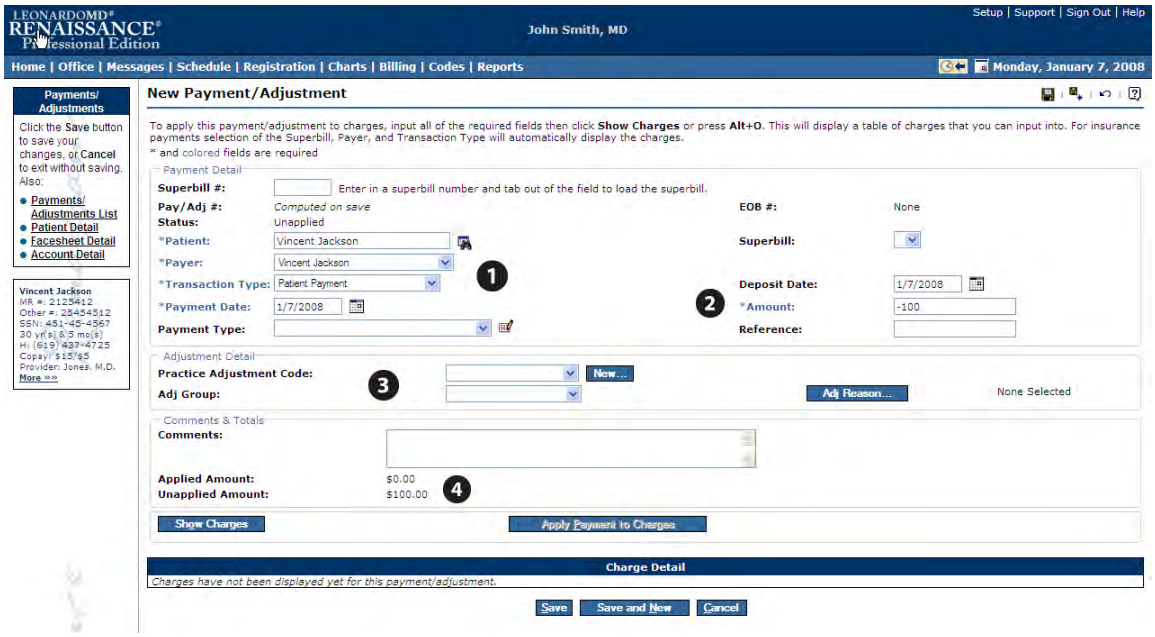

Figure 8-2-1 Unapplied Payment Grid.

Step 1 - Post an unapplied payment of $100.00.

1. When creating an unapplied payment, you can click the "New Payment/Adjustment" button or link from anywhere that it is located in LeonardoMD. The "New Payment/Adjustment" button or link can be found in the following places throughout LeonardoMD:
    a. The "Account Ledger" from any Superbill
    b. The "Account Ledger" from the "Account Detail" page
    c. The "Payments/Adjustment" section of LeonardoMD located in the "Billing" menu
    d. The "EOB" detail page once an "EOB" is created in LeonardoMD NOTE: "EOB's" are optional and not required to post payments.

    Once the "New Payment/Adjustment" screen is up, you will be able to enter the payment information as seen in Figure 8-2-1 above. Notice that no superbill is selected. Unapplied payments do not need to be associated to superbills because the definition of an unapplied payment is a payment that is not associated to a procedure code. By associating a payment to a procedure that payment is automatically associated to the superbill that the procedure is a part of. The next thing you will need to do is select if the payment is a "Patient" payment or an "Insurance Payment." Then select the appropriate "Transaction Type." You can set the "Payment Date" field to any date you need. NOTE: The "Payment Date" field will default to the date the payment is created. For more information on each field on the "New Payment/Adjustment" screen refer to chapter 8-1 or click the icon located on the icon toolbar in the upper right corner of the screen.

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2. Enter the amount of the unapplied payment in the “Amount” field.
3. The “Adjustment Detail” section appears here to allow you to add adjustment details to your unapplied payment since there is no grid showing.
4. Once the amount of your unapplied payment is entered in step 3, it will appear here next to the “Applied Amount” title.

Click Save When Finished.

Figure 8-2-2 below illustrates the “Account Detail” page after an unapplied payment of $100.00 has been entered.

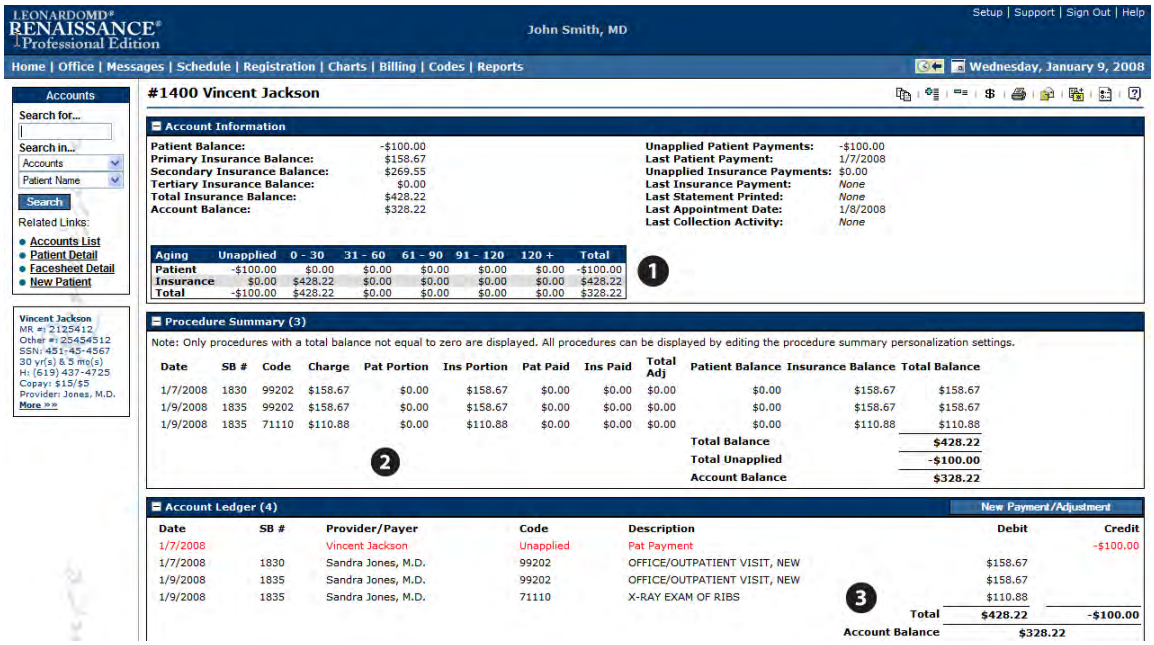

Figure 8-2-2 Account Detail Page.

Step 2 - Examine the “Patient Account Detail” to see how the unapplied payment affects the account.

1. **Account Information:** Then unapplied payment will appear in the aging summary under “Unapplied” and will affect the balance of the account aging for whatever side of the account it is listed, the patient side or the insurance side. NOTE: This also means that unapplied payments will show up in your aging reports under the “Reports” module.
2. **Procedure Summary:** All superbills with a balance not equal to zero will appear here. NOTE: The “Procedure Summary” information box is a good place to investigate account discrepancies such as incorrect balances appearing in the aging report.
3. **Account Ledger:** The unapplied payment entered in step 1 will appear in the “Account Ledger” information box in RED. Step 3 will explain how to apply an unapplied payment.

Step 3 - Apply the unapplied payment to one Superbill or multiple Superbills from the payment screen.

To apply unapplied payment click on the unapplied payment that appears in RED from the “Account Ledger”. Clicking on the unapplied payment will take you to the “Payment Detail Page” shown in Figure 8-2-3 on the next page.

Figure 8-2-3 below illustrates the "Unapplied Payment Detail Page." See more information below.

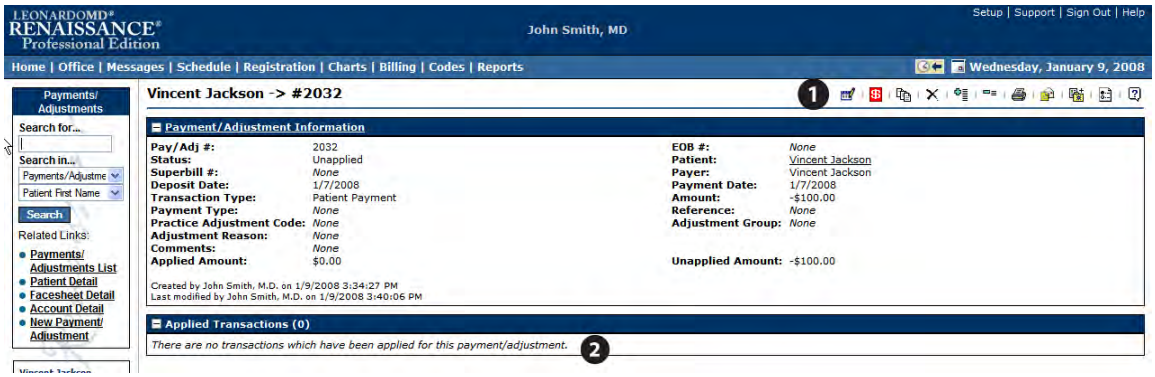

Figure 8-2-3 Unapplied Payment Detail Page.

1. To edit the unapplied payment click the icon located on the icon toolbar shown in Figure 8-2-3 above. Figure 8-2-4 illustrates what the edit screen will look like for this example.
2. Unapplied payments will not show any "Applied Transactions" until payment is applied.

Figure 8-2-4 below illustrates the "Unapplied Payment Grid." See more information on next page.

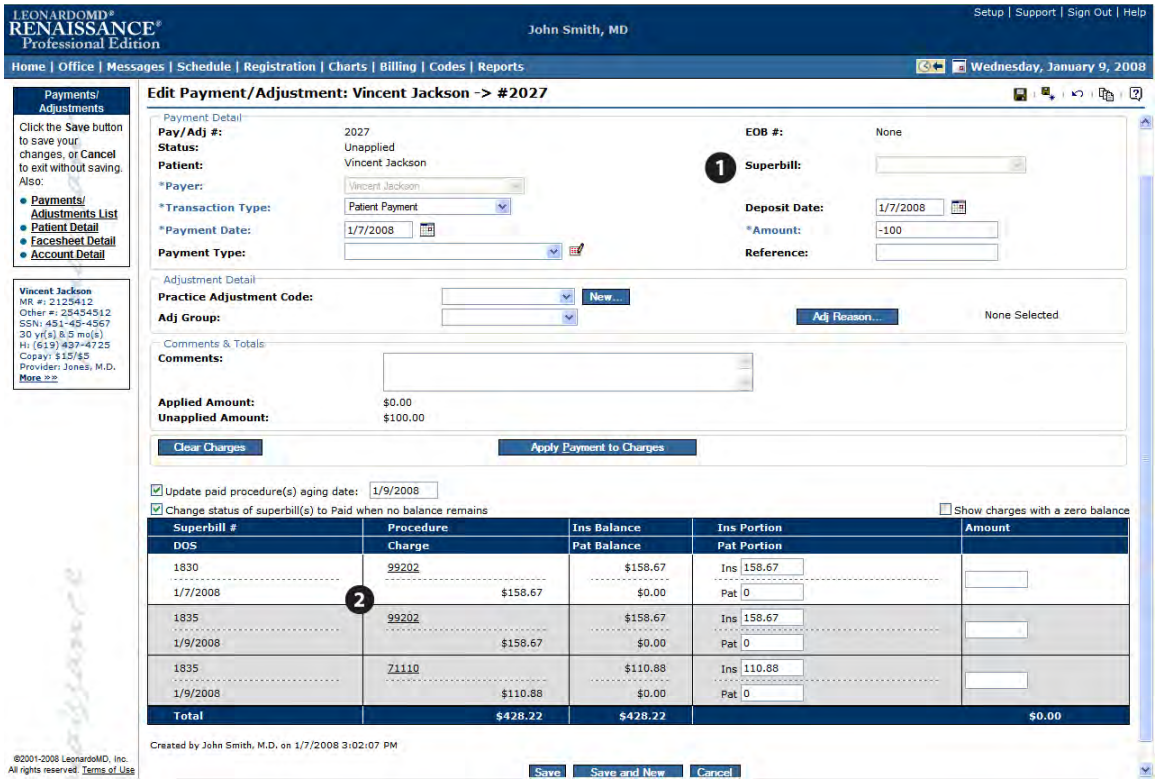

Figure 8-2-4 Unapplied Payment Grid.

1. In this example no superbill has been selected. If no superbill is selected, all transactions on the account with a balance will show up in the payment grid. NOTE: One unapplied payment can be applied to different dates of service from this screen. However, payments with a transaction type of “Copay” CANNOT be dispersed over different dates of service.
2. Different dates of service will be separated by different background colors. In Figure 8-2-4 there are two dates of service. The second date of service has two procedure codes listed and therefore appears over two lines with a grey background. NOTE: Click the “Apply Payment to Charges” button above the grid to have the system automatically apply the payment to the first procedure code in the grid with a balance and then continue to apply to the subsequent charges until the total amount of the payment is applied.

Click Save When Finished.

Figure 8-2-5 below illustrates the “Unapplied Payment” after the payer field has been cleared out. See more information below.

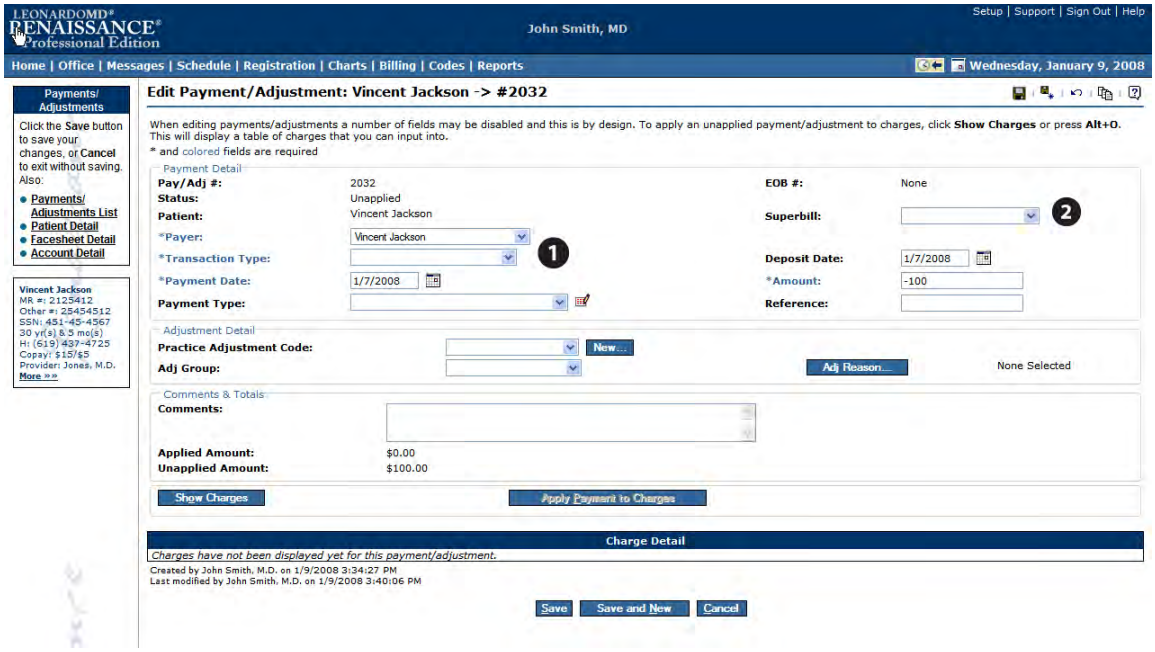

Figure 8-2-5 Unapplied Payment no Grid.

If you need to clear out the charges in the “Unapplied Payment Grid” and clear out the “Payer” or “Superbill,” you can use the “Transaction Type” drop down menu shown in Figure 8-2-5 above.

1. To clear out the payment grid, click on the “Transaction Type” drop down menu and select the blank space at the top of the menu. Clicking on the blank spot on top of drop down menu will launch a prompt that will warn you that the charges will be cleared from the grid. Click “Okay” in response to this prompt. NOTE: Use this method when you need to change the “Payer” or transaction type on a payment after the payment has already been entered. Otherwise there is not need to do this.
2. If you only want the charges for one superbill to show in the grid, select the superbill from the “Superbill” number for which you wish to see charges from the drop down menu. The grid will then appear with only charges from the selected superbill.

Click Save When Finished.

-- End of Case Study --

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Chapter 8-3 Refunds

Overview: Refunds can be issued from the “New Payment / Adjustment” screen using a “Transaction Type” or “Refund (debit +),” NOTE: See chapter 8-1 for more information on “Transaction Types.” This chapter will demonstrate how to create a refund using the $ icon from the “Payment Detail Page” to create a refund.

Case Study: In the following case study you will learn how to:

1. Examine the “Patient Account Detail.”
2. Use the $ icon from the “Payment Detail Page” to post a $100.00 patient refund against an existing payment.
3. Examine the “Patient Account Detail” again to see refund.

Figure 8-3-1 below illustrates a patient account that is in need of a refund.

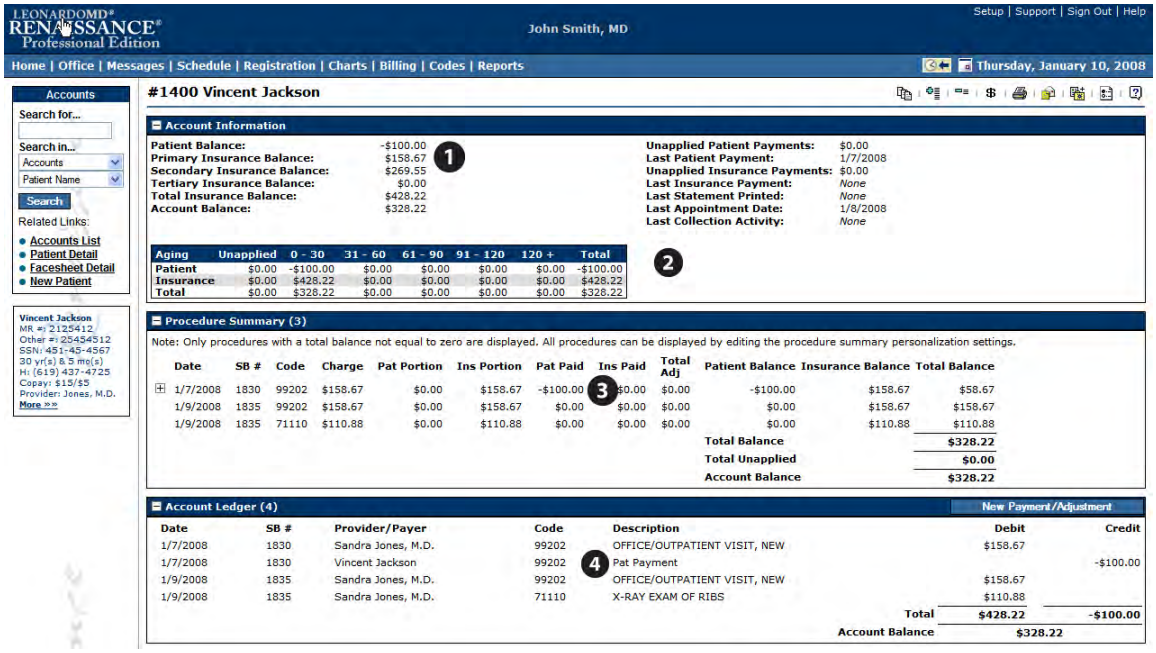

Figure 8-3-1 Account Detail needing refund.

Step 1 – Examine Account Detail

1. Figure 8-3-1 above illustrates a patient account that has a -$100.00 patient balance which represents that they have a $100.00 credit on their account. LeonardoMD does not create credits randomly. Credits are the result of user entry. If there is a credit on an account that needs to be refunded, a refund can be created.
2. Notice the -$100.00 patient balance will appear in the patient aging section of the account and therefore will appear on the aging reports in the reports module.
3. Notice the -$100.00 patient balance will also appear in the procedure summary for the superbill to which it is associated. The insurance balance will also appear here, making the procedure summary a good place to investigate any issues.
4. The patient payment creating the credit can be seen here. NOTE: To create a refund, click on the payment to be taken to the “Payment Detail Page.”

Figure 8-3-2 below illustrates the "Payment Detail Page." The next step will demonstrate how to create refund from here.

Figure 8-3-2 Payment Detail Page with Refund Dialog Window.

Step 2 - Use the $ icon from the "Payment Detail Page" to post a $100.00 patient refund against an existing payment.

1. To create a refund, navigate to the "Payment Detail Page" of the payment you wish to create the refund for and click the $ icon on the toolbar seen in figure 8-3-2 to launch the "Refund Dialog Window."
2. This is the "Refund Dialog Window" that can only be accessed by clicking the $ icon from the "Payment Detail Page." To create a refund from here, enter the refund amount and click save. NOTE: There is check box labeled "Create a Credit Adjustment to keep balance the same" located on this window. Checking this box will create a "Credit (-) Adjustment;" therefore, the patient balance in figure 8-3-1 will remain -$100.00 even after the refund is issued. If the intention is to remove the -$100.00 patient balance from the account, un-check the "Create a Credit Adjustment to keep balance the same" and save the refund. Un-checking this box will force the system to only create a "Debit (+)" adjustment to be applied against the -$100.00 patient balance.

-- Case Study continued on next page --

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Figure 8-3-3 below illustrates the "Patient Account Detail" after a $100.00 refund has been applied. See below for more information.

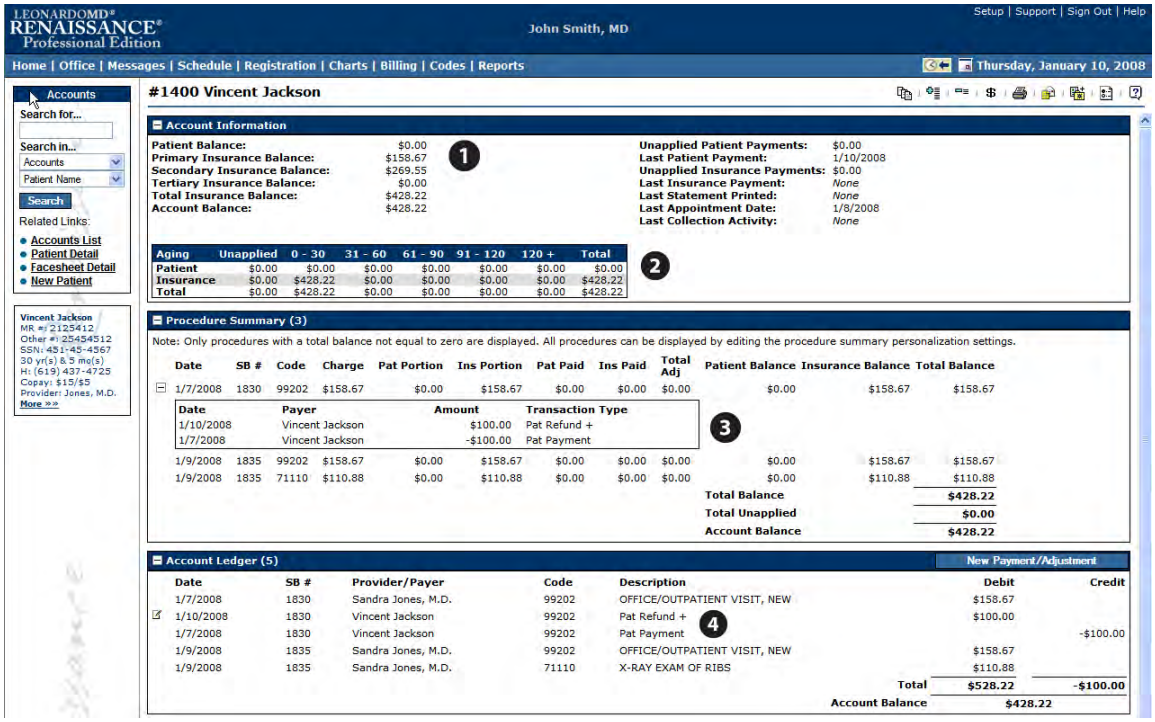

Figure 8-3-3 Patient Account Detail after $100.00 Refund.

Step 3 – Examine the "Patient Account Detail" again to see refund.

1. After $100.00 refund is applied to the account, the patient balance is now $0.
2. The -$100.00 patient balance seen in figure 8-2-1 is now removed from the patient aging.
3. Hitting the "+" icon next to the superbill will reveal all transactions that are associated to date of service, including refunds.
4. The patient refund can now be seen in the "Account Ledger" and has a icon next to it that will reveal the payment number to which it is associated when hovered over.

-- End of Case Study --

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