

Bad Debt Reimbursement – Additional Information

Hospitals and Skilled Nursing Facilities: Non Full Dual Eligible	
Allowable bad debt amount for cost reports beginning in 2012	70%
Allowable bad debt amount for cost reports beginning in 2013	65%

Swing Bed Hospitals: Non-Full Dual Eligible	
Allowable bad debt amount for cost reports beginning in 2012	100%
Allowable bad debt amount for cost reports beginning in 2013	65%

Payments of allowable bad debt will be reduced for the following providers:	
Skilled Nursing Facilities: Full Dual Eligible, Hospital Swing Beds: Full Dual Eligible, Critical Access Hospitals, End Stage Renal Disease Facilities, Community Mental Health Centers, Federally Qualified Health Centers, Rural Health Clinics, Cost Based Health Maintenance Organizations, Health Care Pre-Payment Plans, Competitive Medical Health Plans	Reduction percentage by year:
For cost reports beginning in 2013	12%
For cost reports beginning in 2014	24%
For cost reports beginning in 2015	35%

Example for above information:

Skilled Nursing Facilities: Full Dual Eligible	
Allowable bad debt amount for cost reports beginning in 2012	100%
Allowable bad debt amount for cost reports beginning in 2013	88%
Allowable bad debt amount for cost reports beginning in 2014	76%
Allowable bad debt amount for cost reports beginning in 2015	65%

End-Stage Renal Disease (ESRD)

- In addition to the reduction percentage, a reasonable cost limit will also be placed in effect for the bad debt reimbursement
 - After the reduction percentage has been deducted from “allowable bad debt,” the reasonable cost limit will be applied to the remaining amount.

End-Stage Renal Disease (ESRD) Example 1:

For a cost report beginning in 2013:	
Allowable bad debt	\$150.00
Reduction percentage	12%
Unrecovered costs	\$80.00

“Reduction amount” due to change in reimbursement	$\$150.00 * 12\% = \18.00
Net allowable bad debt amount	$\$150.00 - 18.00 = \132.00
The facility will receive is the <u>lesser</u> of the “reasonable costs” cap or the net allowable bad debt amount	
“Reasonable costs” cap of \$80.00	Net allowable bad debt amount \$132.00
The facility will receive \$80.00	

End-Stage Renal Disease (ESRD) Example 2:

For a cost report beginning in 2014:	
Allowable bad debt	\$120.00
Reduction percentage	24%
Unrecovered costs	\$100.00

“Reduction amount” due to change in reimbursement	$\$120.00 * 24\% = \28.80
Net allowable bad debt amount	$\$120.00 - 28.80 = \91.20
The facility will receive is the <u>lesser</u> of the “reasonable costs” cap or the net allowable bad debt amount	
“Reasonable costs” cap of \$100.00	Net allowable bad debt amount \$91.20
The facility will receive \$91.20	