

**4052. WORKSHEET I-5 - CALCULATION OF REIMBURSABLE BAD DEBTS - TITLE XVIII - PART B**

This worksheet provides for the calculation of reimbursable Part B bad debts relating to outpatient renal dialysis treatments. If you have completed more than one Worksheet I-2 (i.e., one for renal dialysis department and one for home program dialysis), make a consolidated bad debt computation.

Part I - Calculation of Reimbursable Bad Debts Title XVIII – Part B.--Under the composite rate payment system for services prior to January 1, 2011, the contractor pays the facility its allowable ESRD bad debts, up to the facility's unreimbursed reasonable costs as determined under Medicare principles. Under the ESRD PPS payment system, effective for dates of service on and after January 1, 2011, the contractor pays the facility for allowable ESRD bad debts, up to the facility's unreimbursed reasonable costs for those items and services associated with the basic case-mix adjusted composite rate portion of the ESRD PPS payment rate. Allowable bad debts must relate to specific Medicare deductibles and coinsurance amounts.

Determination of bad debt amounts for the basic case-mix adjusted composite rate payment portion of the ESRD PPS payment, is based on the percentage of basic composite rate payment costs to total costs on a facility specific basis. The facility specific composite rate percentage is applied to the facility's total bad debt amounts associated with the ESRD PPS payment. The resulting bad debt amount is used to determine the allowable Medicare bad debt payment in accordance with 42 CFR §§413.89 and 42 CFR 413.178 of the regulations. During the transition periods, apply the facility specific composite cost percentage to the bad debt amounts associated with the transition portion of the ESRD PPS payment.

The resulting bad debt amount will be added to the bad debt amount associated with the transition portion of the facility's ESRD reasonable costs to determine the total allowable Medicare bad debt (For example, a facility that does not elect 100 percent PPS, will be in transition period 1 for services rendered beginning January 1, 2011 through December 31, 2011. Under transition period 1, services rendered during this period are paid based on 75 percent composite rate and 25 percent ESRD PPS payment rate. The facility specific composite cost percentage will be applied to 25 percent of the bad debts and the resulting bad debt amount will be added to the transitional 75 percent to determine the total allowable bad debt pertaining to services rendered during this period).

**EXCEPTION:** The transition period payment method will not apply to ESRD services rendered on and after January 1, 2011, by a facility that (1) elected 100 percent of the payment amount to be based on the ESRD PPS Payment, or (2) was certified for Medicare participation and began providing dialysis services on or after January 1, 2011.

Column 1--Enter the total amounts by line description.

Column 2--This column is used to compute the appropriate reduction to each amount reported in column 1, based on the facility's transition period and application of their facility specific composite cost ratio.

Line 1--Enter the amount from Worksheet I-4, column 5, line 11. The amount reported is reflective of the provider's calculated basic composite rate payment cost.

Line 2--Enter the amount from Worksheet I-4, column 6, line 11. For cost reporting periods that overlap January 1, 2011, enter in column 1 the amount from Worksheet I-4, column 6, line 11. Enter in column 2, the amount reported in column 1. For cost reporting periods beginning on or after January 1, 2014, enter in column 1, the sum of the amount from Worksheet I-4, column 6, line 11. Enter in column 2, the amount reported in column 1 times the facility specific composite cost ratio from, line 14. For cost reporting periods beginning on or after January 1, 2014, do not complete lines 2.01 and 2.02.

Line 2.01--Enter in column 1, the sum of the amount from Worksheet I-4, column 6.01, line 11. Enter in column 2 the portion of the amount reported in column 1 as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment. For cost reporting periods beginning on or after January 1, 2014, do not complete this line.

Line 2.02--Enter in column 1, the sum of the amount from Worksheet I-4, column 6.02, line 11. Enter in column 2, the portion of the amount reported in column 1 as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment. For cost reporting periods beginning on or after January 1, 2014, do not complete this line.

Line 2.03--Enter the sum of lines 2, 2.01 and 2.02 in columns 1 and 2 accordingly.

Line 2.04--Enter the amount for outlier payments applicable to Medicare (Part B) patients from your records. (Informational only)

Line 3--Enter the amount shown in your records for deductibles billed to Medicare (Part B) for dialysis treatments. For cost reporting periods that overlap January 1, 2011, enter in column 1, the amount shown in your records for deductibles billed to Medicare (Part B) patients for dialysis treatments. Include only deductibles amounts that are related to the payments listed on line 2, column 1, and apply to Medicare beneficiaries under the composite payment rate. Enter in column 2, the amount reported in column 1. For cost reporting periods beginning on or after January 1, 2014, enter in column 1, the amount shown in your records for deductibles billed to Medicare (Part B) patients. Enter in column 2, the amount reported in column 1 times the facility specific composite cost ratio from line 14.

For cost reporting periods beginning on or after January 1, 2014, do not complete lines 3.01 and 3.02.

Line 3.01--Enter in column 1 the amount shown in your records for deductibles billed to Medicare (Part B) patients. Include only deductible amounts that are related to the payments listed on line 2.01, column 1, and apply to Medicare beneficiaries under the ESRD PPS payment rate. Enter in column 2, the portion of the amount reported in column 1, as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment.

Line 3.02--Enter in column 1, the amount shown in your records for deductibles billed to Medicare (Part B) patients. Include only deductible amounts that are related to the payments listed on line 2.02, column 1, and apply to Medicare beneficiaries under the ESRD PPS payment rate. Enter in column 2, the portion of the amount reported in column 1, as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment.

Line 3.03--Enter the sum of lines 3, 3.01 and 3.02, columns 1 and 2, respectively.

Line 4--Enter the amount shown in your records for coinsurance billed to Medicare (Part B) for dialysis treatments. For cost reporting periods that overlap January 1, 2011, enter in column 1, the amount shown in your records for coinsurance billed to Medicare (Part B) patients for dialysis treatments. Include only coinsurance amounts that are related to the payments listed on line 2, column 1, and apply to Medicare beneficiaries under the composite payment rate. Enter in

column 2, the amount reported in column 1. For cost reporting periods beginning on or after January 1, 2014, enter in column 1 the amount shown in your records for coinsurance billed to Medicare (Part B) patients. Enter in column 2, the amount reported in column 1 times the facility specific composite cost ratio from line 14.

For cost reporting periods beginning on or after January 1, 2014, do not complete lines 4.01 and 4.02.

Line 4.01--Enter in column 1, the amount shown in your records for coinsurance billed to Medicare (Part B) patients. Include only coinsurance amounts that are related to the payments listed on line 2.01, column 1, and apply to Medicare beneficiaries under the ESRD PPS payment rate. Enter in column 2, the portion of the amount reported in column 1, as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment.

Line 4.02--Enter in column 1 the amount shown in your records for coinsurance billed to Medicare (Part B) patients. Include only coinsurance amounts that are related to the payments listed on line 2.02, column 1, and apply to Medicare beneficiaries under the ESRD PPS payment rate. Enter in column 2 the portion of the amount reported in column 1, as it relates to the ESRD PPS payment times the facility specific composite cost ratio from line 14. Add to this amount the composite cost portion of the payment.

Line 4.03--Enter the sum of lines 4, 4.01 and 4.02, columns 1 and 2, respectively.

Line 5--Enter the uncollectible portion of the amounts entered on lines 3 and 4 reduced by any amount recovered during the cost reporting period. For cost reporting periods that overlap or begin on or after January 1, 2011, enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries, for services rendered prior to January 1, 2011. Transfer this amount to column 2. (See CMS Pub. 15-1, chapter 3).

Line 5.01--Enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries, for services rendered on or after January 1, 2011, but before January 1, 2012. Enter in column 2, 75 percent of the amount in column 1, plus 25 percent of the amount in column 1 times the facility specific composite cost ratio on line 14. If the provider indicated "Y" on Worksheet S-5, line 10.02, and elected 100 percent PPS, do not complete this line, but complete line 5.04.

Line 5.02--Enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries, for services rendered on or after January 1, 2012, but before January 1, 2013. Enter in column 2, 50 percent of the amount in column 1, plus 50 percent of the amount in column 1 times the facility specific composite cost ratio on line 14. If the provider indicated "Y" on Worksheet S-5, line 10.02, and elected 100 percent PPS, do not complete this line, but complete line 5.04.

Line 5.03--Enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries, for services rendered on or after January 1, 2013, but before January 1, 2014. Enter in column 2, 25 percent of the amount in column 1, plus 75 percent of the amount in column 1 times the facility specific composite cost ratio on line 14. If the provider indicated "Y" on Worksheet S-5, line 10.02, and elected 100 percent PPS, do not complete this line, but complete line 5.04.

Line 5.04--Enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries, for services rendered on or after January 1, 2014. Enter in column 2, 100 percent of the amount in column 1, times the facility specific composite cost ratio on line 14. If the provider indicated "Y" on Worksheet S-5, line 10.02 and elected 100 percent PPS, DO NOT complete lines 5.01, 5.02 or 5.03, but enter in column 1, the bad debt amount for deductible and coinsurance, net of recoveries for all services rendered on or after January 1, 2011. Enter in column 2, 100 percent of the amount in column 1, times the facility specific composite cost ratio on line 14.

Line 5.05--Enter in column 1, the sum of lines 5 through 5.04, column 1. This amount must reconcile to the provider's bad debt listing(s). Enter in column 2, the sum of lines 5 through 5.04, column 2.

Line 6--Enter the result of line 5.05, column 2 (including negative amounts), times 88 percent for cost reporting periods beginning on or after October 1, 2012, 76 percent for cost reporting periods beginning on or after October 1, 2013, and 65 percent for cost reporting periods beginning on or after October 1, 2014.

Line 7--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be included in the amount on line 5.05, column 1, i.e., line 7 is a subset of line 5.05, column 1.

Line 8--Enter the sum of lines 3 and 4, less line 5, in column 1. For cost reporting periods that overlap or begin on or after January 1, 2011, enter in column 2, the sum of lines 3.03, column 2, and line 4.03, column 2, less line 5.05, column 2.

Line 9--Subtract line 3 from line 2, and enter 80 percent of the difference in column 1. For cost reporting periods that overlap or begin on or after January 1, 2011, subtract line 3.03, column 2 from line 2.03, column 2, and enter 80 percent of the difference in column 2.

Line 10--Enter the result of line 1 minus the sum of lines 8 and 9, in column 1. If the result is negative, enter zero and do not complete line 11. For cost reporting periods that overlap or begin on or after January 1, 2011, enter in column 2, the result of line 1 minus the sum of lines 8 and 9, column 2. For cost reporting periods beginning on or after January 1, 2013, do not complete this line.

Line 11--Enter in column 1, the lesser of line 5 or line 10, column 1. For cost reporting periods that overlap or begin on or after January 1, 2011, enter in column 1, the lesser of line 5.05, column 2 or line 10, column 2. For cost reporting periods that begin on or after October 1, 2012, enter in column 1, the lesser of line 6, column 1, or line 10, column 2. For cost reporting periods beginning on or after January 1, 2013, enter in column 1, the result of line 6, column 1. Transfer the amount on this line to Worksheet E, Part B, line 33.

Part II - Calculation of Facility Specific Composite Cost Percentage--A facility specific composite cost percentage is applied to the facility's total bad debt amounts and associated cost data necessary to compute the ESRD facility bad debt payments. This percentage is computed by dividing your facility's basic composite rate costs by your total allowable expenses.

Line 12--For cost reporting periods that overlap or begin on or after January 1, 2011, enter the total allowable expenses from Worksheet I-4, column 2, line 11, plus Worksheet B-2, sum of the absolute values of lines 1 through 6, column 4.

Line 13--Enter total base composite rate costs from Worksheet I-4, column 2, line 11.

Line 14--Compute the facility specific composite cost percentage (line 13 divided by line 12).