



Origination 07/2012
Last Approved 09/2022
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Next Review 09/2023

Owner Debbie Kraemer:
VP Business
Office Operations
Area Business Office
Applicability Acadia System-
Wide Policies

Bad Debt Write Offs, ALL.ACHC.BO.0270

1. SCOPE

Acadia Healthcare Co., Inc., including all subsidiaries, affiliates, facilities, and their personnel.

2. PURPOSE

To ensure that when a bad debt write off occurs on an account that is fully deemed uncollectible.

3. POLICY

It is our policy to record a bad debt write off when an account has been deemed uncollectible. A patient account is considered to be uncollectible and ceases to be an asset of the facility when there is no likelihood of collection within a reasonable period of time by the facility using its normal and customary collection procedures and resources.

4. PROCEDURE

Normal and customary collection procedures are outlined in **ALL.ACHC.BO.0260 Collections**. These collection efforts should be consistent between all payors and must be documented in the patient's account. Documentation must include evidence of the date the account is placed with the collection agency and the date that it is returned to the facility (i.e. collection agency reports or communications indicating active and returned accounts).

All bad debt write-offs are performed through the use of Medicare and Non-Medicare transaction codes through the patient accounting system. These bad debt write-offs must be performed accurately and timely. They should be done, at a minimum, on monthly basis prior to the patient accounting month end close process. These transaction codes should be recorded as a debit to the allowance for doubtful accounts and a credit to accounts receivable on the balance sheet as referenced in policy **ACC-111.00**

Allowance for Doubtful Accounts.

Proper documentation of the amount written off and the approvals obtained should be maintained by the Business Office by month. The approval process must be completed before the write offs are performed. All bad debt write-offs should follow the approval process set forth in **ACC-111.00 Allowance for Doubtful Accounts**.

Accounts under \$10,000 can be reviewed and processed for write off through the use of the Detailed Aging by Financial Class. The detailed aging reports are created for Medicare (R7) and Non-Medicare (R4) accounts then separated by Inpatient and Outpatient so the applicable codes can be utilized. The Business Office Director, Chief Financial Officer and Chief Executive Officer must sign and date each aging report to demonstrate their approval of these bad debt write-offs.

All accounts over \$10,000 must be accompanied by Attachment A-Patient Account Adjustment Authorization Form found in policy **ACC -115.00 Self Pay Discounts, Denial, Charity Care and Administrative Adjustments**. Any bad debt write-offs greater than \$10,000 must also be approved by the Divisional CFO.

In accordance with policy **ACC-114.00 Accounting for Cost Report Settlements and Medicare Bad Debts**, Medicare Bad Debts must be tracked appropriately in order to receive reimbursement from Centers for Medicare and Medicaid Services (CMS). Policy **ALL.ACHC.BO.0280** has similar detailed information regarding the requirements set forth by CMS as well as the standard tracking process.

5. REFERENCES

ACC 111.00 Allowance for Doubtful Accounts

ACC 114.00 Accounting for Cost Report Settlements and Medicare Bad Debts

ACC 115.00 Self Pay Discounts, Denial, Charity Care and Administrative Adjustments

Approval Signatures

Step Description	Approver	Date
Executive Chief Financial Officer	David Duckworth: Executive Chief Financial Officer	09/2022
	Debbie Kraemer: VP Business Office Operations	03/2022

Applicability

Acadia CTC, Acadia Corporate, Agave Ridge, Ascension St. Thomas, Belmont, Cedar Crest, Coachella

Valley, Crestwyn Cons, Cross Creek, Delta Specialty Hospital, Erlanger, Geisinger Behavioral Health Center Northeast, Glenwood BH, Greenleaf, Harbor Oaks, Highland Ridge, Lakeland, Mount Carmel JV, Oasis, Ohio Hospital for Psychiatry, Red River, Rio Vista BH, Riverview, Rolling Hills, San Juan Capestrano, Sonora, StoneCrest Center, Tower Behavioral Health, Trustpoint Hospital, Valley, Vantage Point, Village, Youth Care

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