

## bad debt expense benchmarks

Collecting payments from patients remains a top priority for healthcare providers. The increased cost burden placed on many patients from high-deductible insurance plans could make payments more difficult to collect in full. To offer some performance benchmarks related to patient

accounts, this brief analysis examines bad debt expense in acute care hospitals.

The information analyzed for this study was drawn from all available Medicare cost reports filed for cost-report periods ending during the

BAD DEBT EXPENSE IN ACUTE CARE HOSPITALS					
		Facilities	Bad Debt Expense	Gross Patient Revenue	Bad Debt as % of Revenue
National Total		4,391	55,856,204,686	2,770,394,397,540	2.02%
Teaching	N	3,329	25,870,323,672	1,073,617,721,097	2.41%
	Y	1,062	29,985,881,014	1,696,776,676,443	1.77%
System	N	1,774	12,846,194,262	478,921,405,805	2.68%
	Y	2,617	43,010,010,424	2,291,472,991,735	1.88%
Type of Control	For Profit	826	10,258,481,055	490,059,491,634	2.09%
	Governmental	1,043	15,049,843,210	407,027,694,842	3.70%
	Not for Profit	2,522	30,547,880,421	1,873,307,211,064	1.63%
Low-Volume Hospital	N	3,787	52,789,140,936	2,689,214,888,601	1.96%
	Y	604	3,067,063,750	81,179,508,939	3.78%
Medicare Dependent Hospital	N	4,227	55,099,220,110	2,744,989,928,371	2.01%
	Y	164	756,984,576	25,404,469,169	2.98%
Rural Referral Center	N	4,089	50,631,618,924	2,565,101,378,032	1.97%
	Y	302	5,224,585,762	205,293,019,508	2.54%
Sole Community Hospital	N	4,156	54,327,117,253	2,718,479,595,338	2.00%
	Y	235	1,529,087,433	51,914,802,202	2.95%
Total Facility Beds	Critical Access	1,268	2,103,820,971	61,154,708,489	3.44%
	50 or fewer	498	1,744,944,093	57,951,378,241	3.01%
	51-100	499	3,451,065,043	116,985,582,136	2.95%
	101-200	853	9,615,883,227	420,539,583,764	2.29%
	201-500	999	22,410,991,434	1,191,336,916,931	1.88%
	501 or more	274	16,529,499,918	922,426,227,979	1.79%

Source: American Hospital Directory

2015 calendar year submitted by short-term acute care and critical access hospitals. Specifically, worksheet S-10 collects the amount of bad debts written off for balances owed by patients. This figure represents the entire hospital complex during the reporting period with the exception of physician and other professional services. For the period studied, the amount of bad debt expense reported nationally represents more than \$55 billion.

Hospitals are categorized into several groups to facilitate access to comparative statistics for a variety of operational profiles. The findings take into account facility characteristics such as whether the hospital is part of a health system, type of control, whether the facility operates a teaching program, number of staffed beds, and Medicare policy adjustment program eligibility.

Bad debt amounts are divided by total patient revenue for comparison among groups.

Although most classifications do not stray far from the national average, smaller facilities and those operating as Medicare low-volume hospitals seem to struggle by comparison to avoid writing off bad debt.

Operators should find these figures useful for examining their own performance on a broad scale and evaluating how well they are managing their own bad debt. ■

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