

Part B Insider (Multispecialty) Coding Alert

Avoid These A/R Pitfalls

Understand what your A/R really means

So you've gathered together all your payables, and you're poring over tons of statistics. All of a sudden it looks as if your practice is on life support.

Don't panic! Oftentimes the numbers can be misleading, especially if you're falling into one of these pitfalls:

Never writing anything off. Receivables are not like wine, and they don't taste better when aged for several years. "I've walked into several physician offices that have never written anything off in 25 years," says **Lee Cavanaugh**, an accountant with Cavanaugh Michaels in Mechanicsburg, Pa.

Your practice should be writing off bad debt once it reaches a certain age, Cavanaugh says. This can include debt that you've sent to a collection agency. Otherwise, if you've got debts from years ago sitting on your books, your average A/R numbers will look a lot worse than they really are.

Confusing date of service and date of billing. Say you have a service that you have to bill both Medicare and Medicaid for. You can't bill Medicaid until you've received payment from Medicare. If you count the Medicaid billing from the date of service, that bill will already be 45 days old on the day you send it out, says **Phyllis Yingling** with Apple A Day in Hilton Head, S.C. Many software programs will automatically reckon billings this way, but you should understand your own system to avoid overestimating the age of your A/R.