

# PUBLICATION

---

## CMS Accepts Court Ruling That Bad Debt Still at Collection is Allowable [Ober|Kaler]

June 27, 2013

As we reported in a recent [Payment Matters article](#), the United States District Court for the District of Columbia ruled this spring, for a second time, that a Medicare contractor is not permitted to disallow Medicare bad debt solely on the ground that the bad debt is still at an outside collection agency. [District Hosp. Partners v. Sebelius, D.D.C. No. 11-1717 \[PDF\]](#). We had expected that CMS would appeal this decision to the circuit court but it did not. Since all providers who wish to appeal Medicare Part A disallowances can ultimately appeal these issues to the United States District Court for the District of Columbia, this decision is controlling for all providers. Providers can now cite to this decision in support for a favorable resolution of this issue with their Medicare Administrative Contractors.