



Why Understanding Medicare Is Important To Your Customers

The rules and regulations pertaining to Medicare and Medicaid reimbursement may seem complex and not relevant to your customers' priorities. But having a basic understanding of how healthcare providers receive payment will make you a valuable resource to your customers.

Healthcare provider organizations usually don't receive payment directly from their customers (patients). Instead, they must deal with the government and insurance companies in order to be paid. Reimbursement from these "third-party payers" is the source of most of their revenue.

Third-party payment is an absolutely key factor in your customers' decision-making and priority-setting. If the reimbursement level drops for a particular procedure, use of that procedure often declines quickly. If reimbursement is tied to a particular goal — for instance, when Medicare began tying payment levels to certain patient outcomes — providers tend to move very fast to achieve that goal.

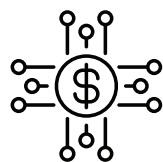
Although it is only one of many payment sources for your customers, conversations around reimbursement often center on Medicare.



Medicare is a benchmark for all other payers

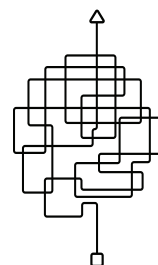
Medicare is regulated by published rules accessible to everyone. As a result, most other payers use Medicare rules and regulations as the basis for setting their own payment levels.

Medicare often leads the way not only on payment rates, but also on payment models and coverage policy.



Medicare payments are an important source of revenue

Medicare reimbursement often makes up 20 to 30% of provider revenue. Very few healthcare providers can afford not to accept Medicare patients.



Medicare rules and regulations are complicated

The Medicare system is complicated and often not accurately understood. A basic but accurate knowledge of Medicare rules can make you a valuable resource to your customers.



Ignorance of Medicare regulations can create legal liability

When physicians or hospitals accept payments from Medicare, they become subject to a variety of federal laws unique to the healthcare industry. These laws are designed to prevent fraud and abuse of the Medicare program.