STATE OF NEW YORK

DEPARTMENT OF HEALTH MEMORANDUM

SERIES - 81-60
DATE - 7-16-81

HEALTH FACILITIES SERIES: NH-28; HRF-28

SUBJECT: New York State Residential Health Care Facility Accounting and Reporting Manual

REVISION NO. 2

This Department of Health Memorandum transmits the second set of revisions for the New York State Residential Health Care Facility Accounting and Reporting Manual. Included with this Memorandum is a summary of Revision No. 2 as well as the actual revised pages.

The summary of Revision No. 2 has been provided as a ready reference. The revised pages should be compared with those being deleted (to insure the proper identification of the changes) and then inserted in their place.

Most of the changes reflect our efforts to align the Manual with Article 9 of Subchapter A of Chapter V of Title 10 of the Official Compilation of Codes, Rules and Regulations of the State of New York which was adopted by the State Hospital Review and Planning Council on December 4, 1980.

Questions concerning Revision No. 2 or the Manual in general should be directed to:

Mr. Joseph L. Angerami, Principal Health Care Fiscal Analyst
N.Y.S. Department of Health
Office of Health Systems Management
Bureau of Residential Health Care Facility Reimbursement
The Governor Nelson A. Rockefeller Empire State Plaza
Tower Building, Room 932
Albany, New York 12237
(518) 473-8822

Joanne M. J. Quan
Deputy Director
Division of Health Care Financing

Endorsement:

Howard R. Veit
Director
Office of Health Systems Management

Attachments
Distribution: Residential Health Care Facilities
Other Interested Parties w/o Attachments

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
i	First paragraph, 6th line - subsection references changed to 2803(2), 2803-b, 2805-e, and 2808.
iii-iv	Section on "The Manual and Its Relationship to Reimbursement" changed to include specific applicability of the Manual, i.e. which residential health care facilities are required to report in accordance with this Manual. Also, statement included that the annual Medicaid Cost Report will be an omnibus report.
1000.1	In Table of Contents, under "B. Basic Concepts" - Purpose and Materiality added.
1002	Last paragraph - reference to generally accepted accounting principles added.
1100	Section on Purpose added referencing generally accepted accounting principles.
1101	Section on "Materiality" added.
1200	"Accrual Accounting" changed to "Accrual Reporting."
1200-1201	"Matching of Revenue and Expenses" section changed to agree with revised "Accrual Reporting" section.
2002	Second paragraph - section on patient service revenue expanded.
2107-2108	Natural Classification of Expenses revised as follows:

Deletions

.21 Group Life Insurance
.25 Tuition Refund and Aid
.32 Temporary Services
.33 Employment Agency
.39 Prosthesis
.40 Catheters
.41 Oxygen and Other Medical Gases
.42 Blood and Blood Derivatives Purchased for Patient Transfusion
.43 IV Solutions
.44 Pharmaceuticals
.45 Reagents
.47 Radiology Films
.50 Food - Meats, Fish and Poultry
.51 Food - Other
.52 Tableware and Kitchen Utensils
.64 Medical School and Affiliation Contracts-Purch. Services
.77 Oil
.78 Steam
.79 Coal
.87 Microfilming

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
2107-2108	**Deletions** .90 Postage .93 Assessments from Religious Foundations, Educational Foundations, etc. **Additions/Modifications** .15 Employee Uniform Allowance .19 Pension and Retirement - Union .20 Worker's Compensation Insurance .21 Pension and Retirement - Nonunion .22 Disability .25 Employee Meal Allowance .36 Private Duty Nurses Fees .37 Other Fees .44 Prescription Drugs .45 Medicine Cabinet Drugs .50 Dietary - Food .51 Dietary - Other .76 Water and Sewer .77 Fuel Oil #2 .78 Fuel Oil #4 .79 Fuel Oil #6 .85 Dues to Nursing Home Associations .86 Printing, Duplicating and Microfilming .92 Assessments from Municipalities, Religious, Educational Foundations or Other Associations
2109	Example of use of seventh digit of account numbering system revised to reflect changes in the natural classification of expenses.
2208	Title of Balance Sheet Accounts section for Account Numbers 2350.00-2370.00 changed to Proprietary/Governmentally Operated Facilities.
2208	Balance Sheet Account Number 2370.00 - Contributions from other funds added for governmental facilities.
2209, 2325, 4203, 4344	The name of the cost center, Electroencephalography has been changed to Electroencephalogy.
2214	Nonoperating Revenue Account Number 9075 - Contributions from other funds added for governmental facilities.
2318	Title of Balance Sheet Account Description section for Account Numbers 2350.00 to 2370.00 changed to Proprietary/ Governmentally Operated Facilities.
2318	Description of Balance Sheet Account Number 2370.00 - Contributions from other funds added.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description Change
2321	Description of Responsibility Cost Center - Health Related Facility expanded. Representative activities revised to include the stripping and making of beds.
2333	Title of Other Operating Revenue Account Number 5151 changed to Housing (Rental of Living Quarters).
2336	Description of Deduction from Revenue Account Number 5560 - Deficit Financing Grants expanded to distinguish it from Account Number 9075 - Contributions from other funds.
2337	Delete "maintenance of the animal house" as an activity of Other Operating Services Expense Account Number 8040 - Joint Research Projects.
2339	Second paragraph of description of Account Number 8211 - Kitchen changed to include tube feedings in patient meal count.
2342	The activity of changing bedlinen for other than skilled nursing facility patients deleted from the Housekeeping Cost Center.
2343	Description of Fiscal Services Expense Account Number 8318 - Patient Accounting expanded to include "entering of abstracted data on insurance forms."
2351	Description of Nonoperating Revenue Account Number 9075 - Contributions from other funds added.
2404-2408	Natural Classification of Expenses revised. (See changes on pages 2107-2108.)
2407	Under Purchased and Contracted Services, a sentence was added to clarify the difference between a purchased service and a contracted service.
3101	Cost center for Administrative Resident Stipends changed to "(c)" (Appropriate Educational Cost Center).
3101	Advertising, Sale of Assets and Waste changed to exclude Sale of Waste and cost center changed to Gain (Loss) on Sale of Property, 9047.
3101	Affiliation Dues changed to Affiliation Dues, Nursing Home Associations and Natural Classification changed to Dues to Nursing Home Associations.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3102-3127	Natural Classification Minor Equipment (nondepreciable) corrected to Minor Nonmedical Equipment throughout the Account Distribution Index.
3102	Natural Classification of Grain Alcohol changed to .45 - Medicine Cabinet Drugs.
3102	Natural Classification of Alcohol Permit Fees corrected to Licenses and Taxes (other than income taxes).
3102	Natural Classification of Analgesics (Nonprescription) changed to .45 - Medicine Cabinet Drugs.
3102	Cost center for Arbitration Expenses changed to Administrative Office.
3102	Natural Classification of Aspirin changed to .45 - Medicine Cabinet Drugs.
3102	Nursing Home Association Dues added.
3102	Natural Classification of Association Dues, Other changed to .91 - Other Direct Expenses.
3104	Natural Classification of Blood for Patients and Blood Derivatives changed to .49 - Other Medical Care Materials and Supplies.
3104	Natural Classification of Purchased Blood Type Tests changed to .62 - Medical-Purchased Services.
3104	Natural Classification of Book and Journal Binding changed to .86 - Printing, Duplicating and Microfilming.
3104	Natural Classification of Bread and Pastries changed to .50 - Dietary-Food.
3105	Cost center code number 8240 for Brushes deleted.
3105	Natural Classification of Business Office Forms changed to .55 - Office and Administrative Supplies.
3105	Natural Classification Code for Catheters, Metal, Rubber, etc. changed to .49.
3106	Natural Classification of Pharmaceutical Chemicals changed to Prescription Drugs.
3106	Natural Classification of Chinaware and Chopping Cleavers changed to .51 - Dietary-Other.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3106	Natural Classification of Coal and Coke changed to .80 - Other Utilities.
3106	Natural Classification of Cocaine changed to .44 - Prescription Drugs.
3106	Natural Classification of Nonpayroll Physicians' Compensation corrected to Physicians' Fees.
3107	Natural Classification of Controlled Substances changed to .44 - Prescription Drugs.
3107	Natural Classification of Crutches and Blood Pressure Cuffs changed to .57 - Instruments and Minor Medical Equipment.
3107	Natural Classification of China Cups and Paper Beverage Cups changed to .51 - Dietary-Other.
3107	Natural Classification of Cubicle Curtains and Draperies changed to .59 - Other Supplies and Materials.
3108	Natural Classification of Dairy Products changed to .50 - Dietary-Food.
3108	First entry for Patient Discharge Information Data Processing Fees corrected to Patient Accounting Data Processing Fees.
3108	Cost Center for Data Processing Fees, Patient Discharge Information changed to Utilization Review.
3108	Natural Classification of Dextrose changed to .44 - Prescription Drugs. Cost Center Code 7270 added.
3108	Natural Classification of Dinnerware, Paper Tray Doilies and Table Dishes changed to .51 - Dietary-Other.
3109	Nursing Home Association Dues added.
3109	Natural Classification of Professional Organization Dues changed to .91 - Other Direct Expenses.
3110	Employee Benefits, Meals changed to Employee Benefits, Meal Allowance and Natural Classification changed to .25 - Employee Meal Allowance.
3110	Natural Classification of Employee Benefits, Life Insurance and Employee Benefits, Tuition changed to .23 - Other Employee Benefits.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3110	Employee Benefits, Pension deleted.
3110	Employee Benefits, Pension, Nonunion added and assigned Natural Classification .21 - Pension and Retirement-Nonunion.
3110	Employee Benefits, Pension, Union added and assigned Natural Classification .19 - Pension and Retirement-Union.
3110	Natural Classification of Employment Agency Fees changed to .37 - Other Fees.
3111	Natural Classification of Films changed to .49 - Other Medical Care Materials and Supplies.
3111	Flower Pots and Planters (1) Inside Hospital and (2) Outside Hospital changed to (1) Inside Facility and (2) Outside Facility and Cost Center Code changed to 8240.
3111	Natural Classification of Food, Meat, Fish and Poultry and Food, Other changed to .50 - Dietary-Food.
3111	Natural Classification of Kitchen Forks changed to .51 - Dietary-Other.
3112	Natural Classification of Fruits and Vegetables changed to .50 - Dietary-Food..
3112	Title of Cost Center for Gauze changed to Central Medical Supplies and Equipment.
3112	Natural Classification of Kitchen and Dining Room Glassware changed to .51 - Dietary-Other.
3112	Natural Classification of I.V. Glucose changed to .44 - Prescription Drugs.
3112	Natural Classification of Glycerine changed to .45 - Medicine Cabinet Drugs.
3112	Natural Classification Code for Employee Gowns changed to .56.
3113	Cost Center for Napkin Holders changed to "(d)" (Appropriate Food Services Cost Center) and Natural Classification changed to .51 - Dietary-Other.
3114	Natural Classification of I.V. Additives and I.V. Solutions changed to .44 - Prescription Drugs.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3114	Natural Classification of Reusable Tray Instruments changed to .57 - Instruments and Minor Medical Equipment.
3114	Workmen's Compensation changed to Worker's Compensation.
3115	Natural Classification of Intramuscular Injectables changed to .44 - Prescription Drugs.
3115	Natural Classification of Kitchen Utensils and Bread, Butcher Knife changed to .51 - Dietary-Other.
3115	Item changed to Laboratory Procedures by Facility Based Physicians.
3116	Natural Classification of Simple Laxatives changed to .45 - Medicine Cabinet Drugs.
3117	Natural Classification of all Magazines changed to .89 - Books, Periodicals, etc.
3117	Natural Classification of Maalox changed to .45 - Medicine Cabinet Drugs.
3117	Cost Center for Mattress Covers and Pads changed to Linen Service.
3117	Natural Classification of Meat and Poultry changed to .50 - Dietary-Food.
3117	Membership Dues deleted.
3117	Nursing Home Association Membership Dues added and assigned Natural Classification .85 - Dues to Nursing Home Associations.
3117	Other Membership Dues added and assigned Natural Classification .91 - Other Direct Expenses.
3117	Natural Classification .82 - Interest assigned to Mortgage Interest Expense.
3118	Natural Classification of Narcotics, Nitroglycerine and Novocaine changed to .44 - Prescription Drugs.
3118	Natural Classification of Newspapers changed to .89 - Books, Periodicals, etc.
3118	Fuel Oil deleted.and Fuel Oil #'s 2, 4, and 6 added and assigned Natural Classification .77-Fuel Oil #2, .78-Fuel Oil #4, and .79-Fuel Oil #6.
3118	Natural Classification of Oxygen changed to .49 - Other Medical Care Materials and Supplies.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3119	Natural Classification of Steam Packs changed to .57-Instruments and Minor Medical Equipment.
3119	Natural Classification of Paper Cups, Paper Plates and Wax Paper changed to .51 - Dietary-Other.
3119	Pension Plan Premiums deleted and Pension Plan Premiums - Nonunion added and assigned Natural Classification .21 - Pension and Retirement-Nonunion.
3119	Pension Plan Premiums - Union added and assigned Natural Classification .19 - Pension and Retirement-Union.
3120	Natural Classification of Periodicals changed to .89 - Books, Periodicals, etc.
3120	Natural Classification of China Dinner, Salad, etc. Plates changed to .51 - Dietary-Other.
3120	Natural Classification of X-ray (Film) Plates changed to .49 - Other Medical Care Materials and Supplies.
3120	Natural Classification of all Postage changed to .91 - Other Direct Expenses.
3121	Natural Classification of Radiology Services by Outside Concerns changed to .62 - Medical Purchased Services.
3121	Rental Charges, Reusable corrected to Rental Charges, Reusable Supplies.
3122	Patients' T.V. and Wheelchair moved to Purchased Repairs to Equipment (identifiable with specific departments).
3122	Cost Center Code 7200 for Respirators (corrected from Respiratories) added.
3122	Natural Classification of Flour, Sugar, etc. Scoops changed to .51 - Dietary-Other.
3122	Natural Classification of Sedatives changed to .44 - Prescription Drugs.
3123	Natural Classification of Splints changed to .49 - Other Medical Care Materials and Supplies.
3123	Natural Classification of Purchased Steam changed to .80 - Other Utilities.
3125	Natural Classification of Paper Tray Covers changed to .51 - Dietary-Other.
3126	Natural Classification of Tuition-Employee Education changed to .23 - Other Employee Benefits.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
3126	Natural Classification of Glass Drinking Tumblers, Utensils, and Stainless Steel Kitchen Utensils changed to .51 - Dietary - Other.
3126	Natural Classification Code for Underpads (excluding disposables) changed to .53.
3127	Natural Classification of Vegetable Oil changed to .50 - Dietary - Food.
3127	Natural Classification of Wash Cloths changed to .53 - Linen and Bedding.
3127	Natural Classification of Water changed to .76 - Water and Sewer.
3127	Natural Classification of X-ray Film changed to .49 - Other Medical Care Materials and Supplies.
3127	X-ray Procedures Hospital Based Physicians changed to Facility Based Physicians and Natural Classification corrected to Physicians Fees.
4101	First paragraph, application of standard units of measure expanded.
4104	Second paragraph, "total working hours" changed to "total paid working hours."
4104	Paragraph added on the use of time studies in determining the need for reclassifications of salary costs.
4104	Last paragraph changed to exclude certain Interdepartmental Services from the application of significance tests, as well as joint kitchen costs.
4201	Last paragraph revised to clarify that standard units of measure are required to be reported only for functional reporting centers in which direct costs are reported.
4202	Responsibility Center which corresponds to Grounds Functional Center corrected to Grounds.
4202	Medical Staff Services, Pharmacy and Central Service Supply deleted from Nonrevenue Support Services.
4203	Pharmacy, Central Service Supply and Medical Staff Services added to Ancillary Service Revenue Centers.
4301	Definition of Depreciation, Leases and Rentals Functional Reporting Center clarified to include lease or rental costs for land.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
4316	Second paragraph under Standard Unit of Measure added to include the equivalent weight of disposable linen used.
4316	Schedule of Equivalent Weights for Disposable Linen Substitutes added for use by facilities that do not have their own schedules.
4317	Under Definition, "changing bedlinen for other than skilled nursing facility patients" deleted.
4320	Under Reclassification, paragraph added on the distribution of the costs of shared (common) kitchen facilities between Patient Food Service and Cafeteria.
4321	Under Reclassification, sentence added on the distribution of shared (common) kitchen costs between Cafeteria and Patient Food Service.
4321	Under Standard Unit of Measure, the word "dividing" added on first line before "...total cafeteria dollar sales..."
4321-4322	Under Standard Unit of Measure, paragraph added on the determination of an equivalent meal count by facilities that do not charge for meals.
4324	Under Reclassification, sentence added on the special rules that apply to the reclassification of nursing inservice education costs.
4324-a	Under Responsibility Center Where Normally Recorded and Reclassification, Activities Program Account Number changed to 7260.
4329	Under Reclassification, paragraph added excluding time spent by the medical director from the application of significance tests.
4330	Under Reclassification, paragraph added explaining that physicians' costs are not subject to the reclassification criteria.
4334	Under Representative Activities, "...entering abstracted information on insurance forms" deleted.
4340,4342,4344	Under Standard Unit of Measure, "Fourth Edition" changed to "(Use the latest edition.)."

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
4341,4343,4345	Under Note, "Fourth Edition" deleted.
4342	Under Representative Activities, "Escorting patients into treatment room" deleted.
4346	Under Representative Activities, "Transporting patients to and from the radiology department" deleted.
4349	Under Standard Unit of Measure, explanation on how to count treatments when oxygen is continuously administered added.
4352	Under Representative Activities, 'Transporting (within the facility) patients to and from the podiatry department" deleted.
4353	Under Representative Activities, "Transporting patients to and from the dental office" deleted.
4354	Under Representative Activities, "Transporting (within the facility) patients to and from the psychiatric office" deleted.
4358	Under Standard Unit of Measure, first sentence, change "procedure" to "visit."
4360	Under Standard Unit of Measure, definition changed to "Count each visit as one treatment."
4364	Definition of Health Related Facility expanded and Representative Activities added and now includes stripping and making beds.
4381	List of Representative Activities expanded to include management services, education services, janitorial services, purchasing.
5001	Fourth paragraph, "arithmetic" changed to "mathematical."
5001-5002	Last paragraph revised to allow flexibility in the choice of a cost allocation process.
5200	First paragraph revised to require cost allocation statistics for functional reporting centers with their own direct costs as well as centers which may receive only indirect costs.
5200	Last sentence, second paragraph deleted to allow alternative cost allocation statistics to be submitted for ancillary services.

SUMMARY OF REVISION NO. 2

Page Number	Location and Description of Change
5201	Note added to Allocation Basis for Laundry and Linen to include the equivalent weight of disposable linen distributed.
5201	Allocation basis for Nursing Administration changed to Total Hours of Direct Nursing Service.
5201	Medical Staff Services, Pharmacy and Central Service Supply deleted from Nonrevenue Support Services.
5201	Reference to 100% factor deleted from both notes at bottom of page. Second note (**) moved to page 5202.
5201	Asterisk (*) added to Patient Food Service, Activities Program and Utilization Review.
5202	Pharmacy, Central Service Supply and Medical Staff Services added to Ancillary Service Revenue Centers.
5300	List of allocation bases which may be sampled expanded to include "the allocation basis for any cost center not having direct costs, but which receives indirect costs as a result of the cost finding process."
5400	First paragraph, last sentence added comparing cost allocation statistics for ancillary services with their standard units of measure.
5402	Definition of "Depreciation by building, by department clarified to include lease and rental expenses on land, buildings and fixed equipment.
5402	Under Source, for Accumulated Costs, "(For other than the matrix inversion process)" added.
5402	Definition of Dietary Meals Served expanded to include tube feeding at the rate of three meals for each day so fed.
5403	Definition of Dry and Clean Pounds Distributed expanded to include the equivalent weight of disposable linens.
6014	Definition of Department (DHSS) deleted.
6014	Definition of Department added.

STATE OF NEW YORK
DEPARTMENT OF HEALTH OFFICE OF HEALTH SYSTEMS MANAGEMENT
TOWER BUILDING • THE GOVERNOR NELSON A. ROCKEFELLER EMPIRE STATE PLAZA • ALBANY, N.Y. 12237

DAVID AXELROD, M.D.
Commissioner

ROBERT M. CRANE
Director

April 1, 1982

Dear Administrator/Controller:

During the course of conducting technical training seminars across the state, several questions have been raised concerning the information requirements of Schedule 1A, pages 42, 43 and 44 of Part IV of the 1981 Annual Report of Residential Health Care Facility, form RHCF-4.

To ensure that each facility is aware of the official agency position with regard to the proper completion of this schedule, the information which follows is being provided to all residential health care facilities and other interested parties at this time.

The completion of Schedule 1A is required of all facilities that have services provided by outside vendors on a fee or contract basis, rather than being performed by salaried personnel at the facility. The information required to be reported on this schedule is necessary for the Department's Bureau of Long-Term Care Services in order to process added staff appeals and for statewide staffing pattern comparisons. This information is also used by the Department's Bureau of Residential Health Care Facility Reimbursement to process added staff appeals and to calculate affordability studies on those facilities requiring labor adjustments in connection with labor settlements.

If a facility, for some reason, is unable to supply any of the information required to be reported on this schedule, the facility should, when filing the RHCF-4, include a letter citing the information that cannot be supplied and the reasons why.

It is important to note that we will not refuse to certify a facility rate, nor impose the rate reduction penalties available to the department under Part 86-2.2 of the Commissioner of Health's Administrative Rules and Regulations, if only this schedule is not fully completed. However, facilities not fully completing this schedule must realize that added staff appeals and/or labor adjustments may not be honored until the required data is submitted.

The foregoing represents the agency's position with respect to reporting for the 1981 calendar year and for contracts entered into up to the date of receipt of this letter. For 1982 reporting purposes, the information on Schedule 1A will be required of all facilities. Therefore, facilities should consider these reporting requirements when entering into contracts with outside parties and build language into future contracts which would clearly indicate that, as part of their responsibilities under the contract, vendors must supply the detail to the facility necessary to complete Schedule 1A.

As a result of our interaction with the health care industry during the course of our technical training seminars, we have also made one major change in the reporting requirements of Schedule 1A. For those facilities that contract with laundry and linen companies for laundry and linen services, the detail for Schedule 1A for the laundry and linen cost center will not be required unless, under the contract, the outside vendor's personnel perform their services in a facility's in-house laundry.

If you should have any questions concerning the foregoing, please direct them to the individual assigned to your region as detailed in the Department of Health Memorandum Series 82-7, dated February 25, 1982, which accompanied the RHCF-4 transmitted to your facility.

Very truly yours,

William J. Gormley

William J. Gormley
Assistant Director
Division of Health Care Financing