

STATE OF NEW YORK  
OFFICE OF HEALTH SYSTEMS MANAGEMENT

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# HEALTH FACILITIES MEMORANDUM

NH-23; HRF-23

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

## REVISION 1

This Health Facilities Memorandum transmits the first set of revisions for the New York State Residential Health Care Facility Accounting and Reporting Manual. The enclosures include a cover memorandum, a transmittal sheet to record future revisions, a summary of Revision No. 1 and the actual revised pages.

The summary of Revision No. 1 is included for quick reference. The revised pages should be compared with those deleted to insure the identification of the changes.

Revised pages should be inserted to replace existing pages in the Manual.


Full financial and statistical reporting under the N.Y.S. RHCF Manual will replace the current RHCF-1 for calendar year 1980. The reporting format (except for Schedule 6, Natural Classification of Expenses) will be essentially the same as the RHCF-4 that was distributed to all facilities for the test quarter ended September 30, 1979. Additional information necessary to meet reimbursement, program, and economic analysis needs will be incorporated. We are presently compiling a revised list of the natural classifications of expense which will be distributed to all facilities as soon as it is finalized.

We are presently reviewing the RHCF-4 test reports for the quarter ended September 30, 1979. We plan to issue a report to the industry concerning common reporting errors discovered in our analysis so that they may be avoided in reporting for calendar year 1980. We anticipate also, as a result of our analysis, that additional Manual revisions will be made. However, in order to maintain continuity for 1980 such revisions, wherever practicable, will be implemented effective for reporting periods subsequent to December 31, 1980.


All residential health care facilities and other interested parties which either received or purchased a Manual will receive a sufficient number of copies of all revisions.

Inquiries regarding revisions or the Manual in general should be directed to:

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SUMMARY OF REVISION NO. 1

<u>Page Number</u>	<u>Location and Description of Change</u>
i	First paragraph, last line - Implementation Date for first full year reporting changes from January 1, 1979 to January 1, 1980.
1213	Fourth paragraph under Inventories added to include a description of the proper accounting treatment to set up Inventories.
1214	Within the paragraph accounting control, a sentence added to show allowed allocation treatment for major movable equipment.
1216	First paragraph changed to allow the reporting of minor equipment in accordance with Medicare regulations rather than only the base stock method as originally mandated.
1217	New York State Department of Health changed to New York State Office of Health Systems Management.
1300	Under the heading Plant Maintenance, the requirement to transfer costs in excess of the four-hour parameter was removed. In its place was substituted a requirement to transfer significant, nonroutine repairs and maintenance. Also, if such work is done by non-facility personnel, and the costs are charged directly to the receiving cost center, facilities must utilize the new natural classification of expense - Repairs and Maintenance-Purchased Services-Directly Assignable to classify such costs.
1301	Under the heading Major Movable Depreciation, the Manual originally required all such depreciation to be assigned to the departments where the equipment was physically located and utilized. Facilities may now use net square feet to distribute the major movable equipment depreciation relating to all major movable equipment acquired prior to January 1, 1978.
1311	The last sentence of the first paragraph under Patient Trust Funds was changed to indicate that such funds should be considered as agency funds by voluntary and governmental facilities and as noncurrent assets and liabilities by a proprietary facility.
2107	Under Supplies and Materials, added .38, "Disposable Linens."

Page NumberLocation and Description of Change

- 2107 Under Purchased and Contracted Services, added .61 Repairs and Maintenance-Purchased Services-Non-assignable and changed .63 to read Repairs and Maintenance-Purchased Services-Directly Assignable (further explanation on page 1300 above).
- 2203 Under the Deferred Charges and Other Assets group Account Number 1320.00 was added "Patient Funds Held in Trust" to account for Patient Trust Funds held by a proprietary facility.
- 2207 Under "Deferred Credits and Other Liabilities", Account Numbers 2160.00, 2660.00, 2760.00 and 2860.00 "Other Liabilities" were added. Also added was Account Number 2161.00, "Patient Funds held in Trust" to account for patient trust funds held by a proprietary facility.
- 2209 The name of Account Number 7430 was changed from "Medical Care Evaluation and Assessment" to "Utilization Review."
- 2211 Account Number 8150 previously entitled "Other Educational Activities" is now reserved
- 2212 Under the category of "Unassigned Expenses" Account Number 8413 "Depreciation-Movable Equipment" is now a mandated minimum level of detail (reflecting the establishment of the new Functional Reporting Center-"Depreciation-Major Movable Equipment."
- 2308 Under Deferred Charges and Other Assets group, Account Number 1320.00 "Patient Funds held in Trust" was added to account for patient trust funds held by a proprietary facility.
- 2315 Under the Deferred Credits and Other Liabilities group, Account Numbers 2160.00, 2660.00, 2760.00 and 2860.00 "Other Liabilities" were added. Also added was Account Number 2161.00 "Patient Funds held in Trust" to account for patient trust funds held by a proprietary facility.

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- 2329 References on this page within Account Numbers 7410 and 7430 to "Medical Care Evaluation and Assessment" were changed to "Utilization Review."
- 2330 In the first paragraph, the reference to "Medical Care Evaluation and Assessment" was changed to "Utilization Review."
- 2334 Account Number 5126, "Data Processing Services" was changed to the proper account code 5216.
- 2337 Title at top of page changed from "Other Operating Expenses" to "Other Operating Services."
- 2338 Account Number 8150, "Other Educational Activities," is now reserved. Also under the first paragraph of Account Number 8210, "Dietary Service", the function of Routine Housekeeping in the Dietary area was added.
- 2339 Under Account Number 8211, "Kitchen", in the second paragraph, the function of Routine Housekeeping in the Kitchen area was added.
- 2340 In the first paragraph, a note was added to include the material cost of tube feedings.
- 2341 Under the first paragraph of Account Number 8225, "Grounds", examples of activities such as lawn care, repairs and snow removal were added.
- 2342 Under the first paragraph of Account Number 8240, "Housekeeping Service", a note was added clarifying that Routine Housekeeping in the Kitchen area will be recorded in the cost center 8211, Kitchen.
- 2401 Under the category .01 additional clarification of what constitutes management and supervision is added.
- 2402 Under the category 02, Technicians, Specialists, and Nonphysician Medical Practitioners, the last sentence was revised describing circumstances where positions supervising less than 5 employees could be classified as .01, Management and Supervision.
- 2405 Under the classification "Supplies and Materials" the category .38 Disposable Linens was added.
- 2407 Under the classification "Purchased and Contracted Services", the category .61 "Repairs and Maintenance-Purchased Services-Nonassignable" was added and changed category .63 to "Repairs and Maintenance-Purchased Services-Directly Assignable."

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Location and Description of Change

- 3103 The natural classification code for Automatic Door Repairs was changed to .61, "Repairs and Maintenance - Purchased Services-Nonassignable." Also, the cost center for automotive repairs was changed from Automotive Services to (a) using cost center with the Natural Classification code .63 extended to read "Repairs and Maintenance-Purchased Services-Directly Assignable." Also, the natural classification codes for Awards were changed to .91 to correct a previous typographical error.
- 3105 The Natural Classification code for Building Repairs by outside concerns was changed to .61, "Repairs and Maintenance-Purchased Services-Nonassignable."
- 3106 Natural Classification code for Chux was changed to .38, "Disposable Linens."
- 3109 Natural Classification code for Elevator Repairs changed to .61, "Repairs and Maintenance-Purchased Services-Nonassignable."
- 3110 Natural Classification code for Equipment Repair by Outside Concerns expanded to read .63, "Repairs and Maintenance-Purchased Services-Directly Assignable."
- 3116 The department code for Disposable Linens was changed to Linen Service and the natural classification of .38, "Disposable Linens."
- 3117 Natural Classification codes for Maintenance Contracts expanded to read "Repairs and Maintenance-Purchased Services-Directly Assignable."
- 3119 Natural Classification code for Painting, Contractual changed to .61, "Repairs and Maintenance-Purchased Services-Nonassignable."
- 3121 Natural Classification code for Repairs, Minor, to Buildings changed to .61, "Repairs and Maintenance-Purchased Services-Nonassignable."
- 3122 Natural Classification codes for Repairs, Purchased, to Equipment expanded to read .63, "Repairs and Maintenance-Purchased Services-Directly Assignable," except where the cost center charged is Plant Operation and Maintenance in which case such costs should be changed to .61, "Repairs and Maintenance-Purchased Services-Nonassignable."
- 3123 Snow Removal is now charged to the "Grounds" cost center to the Natural Classification of .67; "Other Purchased Services" (when performed by an outside concern).

<u>Page Number</u>	<u>Location and Description of Change</u>
3126	Underpads (disposable) now changed to Natural Classification .38, "Disposable Linens."
4104	In the first sentence the word only was deleted, allowing facilities to reclassify costs, at their option, at levels less than the significance criteria. Also, a \$1,000 minimum parameter was established as a required level for reclassifying other than salary costs. Also, a note added clarifying that nonwork hours must also be reclassified.
4200	Third paragraph eliminated which required segregation or standard units of measure into Inpatient and Outpatient groupings.
4202	New cost center, "Depreciation on Major Movable Equipment" added. Also, Activities Program now appears as a Non-Revenue Support Service with the standard unit of measure changed to "Total Number of Participants in Program" (with the denominator average annual census deleted). Also, cost center, "Medical Care Evaluation and Assessment" renamed "Utilization Review."
4203	Activities Program deleted as an Ancillary Service Revenue Center. Also, the standard unit of measure for Physical Therapy and Occupational Therapy changed to "Number of Treatments."
4302-a	Page inserted to describe the new functional reporting center "Depreciation-Major Movable Equipment."
4312	First paragraph - examples of activities such as Lawn Care Repairs and Snow Removal are added to "Grounds."
4315	Within the definition of the Laundry and Linen cost center, a note was added to include the cost of disposable linen used.
4317	Within the definition of the Housekeeping cost center, a sentence was added clarifying that Routine Housekeeping in the Dietary area (Kitchen) will be recorded in the Kitchen expense center.
4319	Within the Patient Food Service Cost Center, a note was added to include material costs of tube feedings.
4324	Within the "Standard Unit of Measure" and "Data Source" description, the references to average number of nurses was changed to "Average Number of Nursing Services Personnel."

<u>Page Number</u>	<u>Location and Description of Change</u>
4324-a, 4324-b, 4324-c	Extra pages inserted to reflect Activities Program within the Non-Revenue Support Services Center. Also, clarification of what constitutes activities included.
4335 and 4336	References and definitions previously on this page relating to Medical Care Evaluation and Assessment have been recast to reflect only "Utilization Review."
4340	Under "Representative Activities" the maintenance of quality control standards was eliminated.
4341	A new first paragraph was added, excluding from the Standard Unit of Measure Counts workload units related to procedures such as quality control studies, calibration standards, specimen collection and reports for which a patient is not charged.
4347	A note was added in the first paragraph that in accumulating relative value statistics, Total Unit Values only should be counted not PC Unit Values. Also, the note describing where California Relative Value Scales could be obtained has been changed to "Office of Health Systems Management."
4350 and 4351	These pages which previously described the Activities Program Center are now reserved.
4356	Under Representative Activities, Routine Housekeeping in the area was deleted.
4357	The new Standard Unit of Measure, "Number of Treatments" is fully defined.
4358 and 4359	The Standard Unit of Measure was changed to "Number of Treatments", deleting all previous references to Occupational Therapy Relative Values.
4362	Under the definition of Skilled Nursing Facility, the title of ward clerk was deleted from the examples of job titles included.
5201	The new cost center, "Depreciation-Major Movable Equipment" was added along with Activities Program under Non-Revenue Support Services. Also, the allocation basis for Housekeeping was changed to "Assigned Time." Special footnotes were added relating to the relief in certain areas for single level of care facilities.
5202	Activities Program was deleted from Ancillary Service Revenue Centers. Also, the cost allocation bases for Occupational Therapy and Physical Therapy was changed to Number of Treatments.



Page Number

Location and Description of Change

5300

Cost Allocation Statistic for the Housekeeping Cost Center was changed to "Assigned Time."

5402

The cost allocation statistic - Major Movable Equipment Depreciation, By Department - is added, defined and source identified.

5403

The word direct is added to the "Total Hours of Direct Nursing Service" cost allocation statistic. This statistic is redefined as hours of direct patient care by nurses. Cost allocation statistic "Number of Rooms Occupied By Department Assigned" definition clarifies number of rooms are totaled according to departments to which they are assigned. Medical Care Evaluation and Assessment terminology eliminated and "Utilization Review" inserted. Notation on permissible substitution of Red Book and Blue Book values for actual invoice prices on Pharmacy "Costed Requisitions."

5404

Cost allocation statistic, "Assigned Time" added, defined, and its source identified.