

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

E. NATURAL CLASSIFICATION OF EXPENSES

Salaries and Wages

If management is to have maximum control over labor costs, close control of the number of man-hours paid is essential. Man-hours are a more stable measure of labor utilization than dollars, because man-hours are not affected by inflation. Also, when man-hours are compared to units of service, they can provide management with information that is useful both for internal control and external comparisons.

A record of man-hours paid that exactly parallels the record of salaries and wages paid by department must be maintained. This requires that the nursing home establish a record of paid man-hours by department for all personnel whose compensation is included on the payroll, including exempt personnel. These man-hour records must include separate records of worked man-hours and nonworked man-hours. Worked man-hours should include regular hours worked, overtime hours worked, hours worked when on call or on standby, hours spent in in-service education, orientation, breaks, paid social functions (such as Christmas parties), and so forth. Nonworked man-hours should include paid vacations, holidays, sick pay, military leave, educational leave (including continuing education), bereavement or funeral leave, jury duty, benefit hours paid for but not taken as leave, and so forth.

Overtime hours are hours for which an overtime pay rate is used. The actual overtime hours are not treated differently from regular worked hours; it is the rate that changes. This is preferable to the common but undesirable practice of adding additional hours to the records when calculating the payroll so that the regular pay rate can be used instead of the overtime rate.

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On-call and/or standby pay is compensation to an employee for being available to work. During the period when the employee is on call or on standby, he might or might not actually perform work. The Fair Labor Standards Act differentiates between restricted and unrestricted on-call situations. All restricted on-call hours are compensable and contribute to the total hours used for determining overtime pay. Unrestricted on-call hours do not contribute to total hours, but unrestricted on-call compensation does contribute to the salary base used for calculating overtime premiums only. Thus all restricted on-call hours must be accounted for, but only those hours worked need be accounted for when employees are on unrestricted on-call duty.

Salaries and wages are defined as (1) all remuneration, payable in cash, for services performed by an employee for the nursing home, and (2) the fair market value of services donated to the home by persons performing in an employee relationship. Reimbursement of independent contractors such as private duty nurses should be excluded.

**.01 Management and supervision**

Employees included in this classification are primarily involved in the direction, supervision, and coordination of nursing home activities. Usually included here are job titles such as president, chief executive officer, administrator, manager, department head, supervisor, director, and foreman. These employees may be exempt from federal wage and hours laws. Lead positions

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of Chief, Head, and so forth, must be classified as Management (.01) if they provide direct supervision to 5 or more other employees. Positions supervising less than 5 employees may be classified as Management (.01) if the activities performed otherwise meet the .01 criteria. In addition, the following specific job titles are to be classified as Management (.01):

R.N. Supervisor (supervising two or more units and/or areas)

Health Services Supervisor

Director of Nursing Services

Assistant Director of Nursing Services

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**.02      Technicians, specialists, and nonphysician medical practitioners**

Employees included in this classification usually perform activities of a creative or complex nature. Also included are those employed for consulting, diagnosing and prescribing and providing treatment for patients under the direction of a physician. Included are such job titles as coordinator, chef, programmer, technologist, technician, physical therapist, occupational therapist, physical therapy assistant, certified occupational therapy assistant, instructor, nurse practitioner, physician assistant, clinical specialist and accountant. These employees are often licensed or registered. Some of these positions are exempt from federal wage and hour laws because they are administrative or professional in nature. Lead positions of chief, head, and so forth must be classified as management (.01) if they provide direct supervision to five or more other employees. Positions supervising less than 5 employees may be classified as management (.01) if the activities performed otherwise meet the .01 criteria.

**.03      Registered nurses**

This classification includes all registered nurses except those holding the following specific job titles which are to be included in the natural classification, Management and Supervision (.01):

R.N. Supervisor (Supervising two or more units and/or areas)  
Health Services Supervisor  
Director of Nursing Services  
Assistant Director of Nursing Services

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**.04 Licensed practical nurses**

This classification includes all licensed practical nurses except those holding the following specific job title which is to be included in the natural classification, Management and Supervision (.01):

**Health Services Supervisor**

Employees in this classification are subject to federal wage and hour laws.

**.05 Aides, orderlies and assistants**

Included in this classification are nontechnical personnel employed for providing direct nursing care to patients. Included are job titles such as aide, orderly, and nurse assistant. These employees are subject to federal wage and hour laws.

**.06 Clerical and other administrative employees**

Included in this classification are nontechnical personnel employed in the performance of record keeping, communication, and other administrative functions, who are subject to federal wage and hour laws. Examples of job titles are accounting clerk, admitting clerk, messenger, keypunch operator, secretary, telephone operator, clerk-typist, cashier, and receptionist.

**.07 Environment, hotel and food service employees**

This classification includes personnel employed in providing basic services related to food and accommodations. They perform routine work of a nontechnical nature and are subject to federal wage and hour laws. Examples of job titles are maintenance man, housekeeping aide, cook's helper, flatwork finisher, guard, food service worker, wall washer, washperson, carpenter and plumber.

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.08 Physicians

Employees included in this classification are employed for consulting, diagnosing, and prescribing and providing treatment for patients and education. These employees must possess doctor of medicine or doctor of osteopathy degrees and be licensed to practice medicine.

.09 Intern, resident and fellow

Employees included in this classification are employed for consulting, diagnosing, and prescribing and providing treatment for patients. Included are such job titles as intern, resident and fellow.

Employee Benefits

The costs of employee benefits are charged to account 8460, Employee Benefits, or directly to the appropriate expense center. If such benefits are charged to account 8460 they must be assigned to appropriate expense centers at year end prior to cost finding. (Page 1301 outlines the procedures to be employed in assigning benefit costs).

- .15 Employee Uniform Allowance
- .16 F.I.C.A.
- .17 State unemployment insurance and federal unemployment insurance
- .18 Group health insurance
- .19 Pension and retirement-union
- .20 Worker's Compensation insurance
- .21 Pension and retirement-nonunion
- .22 Disability
- .23 Other employee benefits
- .24 Union health and welfare
- .25 Employee meal allowance