

RESIDENTIAL HEALTH CARE FACILITY
NEW YORK STATE
ACCOUNTING AND REPORTING MANUAL

CHAPTER 2

CHART OF ACCOUNTS AND DESCRIPTIONS

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A. INTRODUCTION

A Chart of Accounts is a listing of account titles, with numerical symbols, for the assets, liabilities, equity, revenues, and expenses of an enterprise. It provides the structure for the accumulation of financial data in a form as useful as possible to management.

The Chart of Accounts presented in this chapter serves two purposes. Taken in its entirety, the Chart provides a model for account coding and a fairly exhaustive list of accounts to serve as a guide for the recording of financial transactions. The Chart's second purpose is to provide a system for aggregating accounting information for the purposes of the Uniform Report mandated in this Manual.

The Report requires that financial data be reported in a uniform manner. To meet this end, the nature and content of each reporting center has been uniformly defined for all homes (see Chapter 4). To aid in the preparation of the Report, the major account classifications which must be maintained to provide the level of detail needed for reporting have been indicated with an asterisk in the chart outline (beginning on page 2200). The Chart also contains a substantial number of subsidiary accounts to provide sufficient detail to accommodate the needs and complexities of institutions throughout the state.

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INTRODUCTION (cont'd)

It is important to emphasize that the Chart of Accounts contained in the Manual is not mandated. However, if a home chooses not to use the suggested Chart of Accounts, it must maintain, through a "crosswalk," the information required to provide the mandated level of detail. The "crosswalk" between the home's Chart of Accounts and the mandated level of detail must be considered a permanent part of the home's records and must contain sufficient audit trails to demonstrate the reliability of its information.

The Chart also provides various subcodings for patient service revenue, deductions from revenue and expenses. For patient service revenues in a facility that records patient charges on a fee-for-service basis, such charges must be reported by type according to the functional reporting center descriptions (see page 4300 and following). Where a facility records patient charges on an all-inclusive or flat-rate basis, such charges would all be reported as routine patient service revenue. Regardless of a facility's charge structure, a patient service category coding is mandated, while financial classification and accommodation codings are optional. For deductions from revenue, a patient service category and financial classification are mandated. For expenses, the natural classifications (see page 2400 and following) are a mandated minimum level of detail. The actual numerical coding of any account or subcoding is, of course, optional. It should be noted that the Chart presented in the Manual describes only the major fund classifications found in homes. Should a home have additional fund groups, there is sufficient flexibility in the Chart to accommodate these.

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B. ACCOUNT NUMBERING SYSTEM

Coding System

The overall numerical coding system described in this Chart of Accounts provides for the use of seven digits. In all instances the first four digits are reserved for specific classification. The last three digits may be totally or partially reserved depending on the major classification of the account (i.e., balance sheet account, patient revenue account, etc.).

It is important to recognize that the chart has been structured for use in the preparation of financial statements. In many instances subaccounts have been provided to accommodate the detail needs of various institutions. However, these subaccounts can be totalled to the zero level of the fourth digit for internal reporting ease. For example, relative to inventory the following subaccounts have been provided in the Chart:

<u>Account #</u>	<u>Description</u>
1111.00	Inventory - general stores
1112.00	Inventory - pharmacy
1113.00	Inventory - central supply
1114.00	Inventory - dietary
1115.00	Inventory - plant operation and maintenance
1119.00	Inventory - other

The Chart also provides for a general coding for inventory (1110.00). There-

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fore, if the institution wishes to account for inventory in the detail indicated above, it may do so and sub-total its inventory accounts to the zero level in the fourth digit (1110.00). If, however, the institution wishes only to capture total inventory, all transactions may be recorded through the general inventory account (1110.00). While the Chart has been structured throughout (balance sheet, revenues and expenses) in this manner, the home must be cognizant of the level of detail required for reporting which may not be at the zero level of the fourth digit. Thus a careful review should be performed before account consolidation.

The following subsections describe the reserved digits for each major classification of account.

Balance Sheet Accounts

The balance sheet coding reserves only the first four digits. The last three digits are available for the optional use of the home. An explanation of the digits follows:

First Digit - indicates the asset or liability classification of the

account:

- 0 - not used
- 1 - Asset
- 2 - Liability or Equity
- 3-9 - not used

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Second Digit - indicates the fund classification of the account:

- 0-3 - Unrestricted operating fund
- 4 - Unrestricted board-designated fund
- 5-6 - Plant replacement and expansion fund
- 7 - Specific purpose fund
- 8 - Endowment fund
- 9 - Available for additional fund group

Third and Fourth Digits - indicates the primary subclassification of accounts which is explained in detail in Sections B and C of this chapter.

Fifth thru Seventh Digits - available for optional use.

Routine and Ancillary Service Revenues

The routine service revenue coding reserves all seven digits. As explanation of the digits follows:

First Digit - indicates that it is either a routine or an ancillary revenue account:

- 0-2 - not used
- 3 - Routine service revenue
- 4 - Ancillary service revenue
- 5-9 - not used

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Second thru Fourth Digits - indicates the primary subclassification of accounts which is explained in detail in Sections B and C of this chapter.

Fifth Digit - indicates the primary payor financial classification of accounts.

Fifth Digit
Financial Classification

- 0 Self Pay
- 1 Medicare - Part A
- 2 Medicare - Part B
- 3 Medicaid
- 4-9 Other

Sixth Digit - indicates the patient service category.

Sixth Digit
Patient Service Category

- 0 - Skilled Nursing Facility
- 1 - Health Related Facility
- 2 - Domiciliary Care Facility
- 3 - Day Care
- 4 - Outpatient Clinic
- 5 - Home Health Services
- 6 - Homemaker
- 7 - Meals on Wheels
- 8 - Intermediate Care Facility - Mental Retardation
- 9 - Independent Living

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Seventh Digit - indicates the accommodation of the patient:

- 0 - Outpatient
- 1 - 1 Bed
- 2 - 2 Beds
- 3-9 - Other

Thus, to exemplify, the account numbering for a room and board charge (or all-inclusive charge for flat rate nursing homes) to a medicaid skilled nursing facility patient in a private accommodation would be 3020301 as follows:

- 3 - indicates routine service revenue
- 020 - indicates the primary subclassification for a skilled nursing facility patient
- 3 - indicates the financial classification of medicaid
- 0 - indicates the patient service category of skilled nursing
- 1 - indicates the accommodation of 1 bed

Should the institution follow the policy of charging for each specific service provided a patient, the account numbering for a laboratory charge to a medicaid skilled nursing facility patient in a private accommodation would be 4210301 as follows:

- 4 - indicates ancillary service revenue
- 210 - indicates the primary subclassification for laboratory
- 3 - indicates the financial classification of medicaid
- 0 - indicates the patient service category of skilled nursing
- 1 - indicates the accommodation of 1 bed

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It is important to reiterate that while the Chart provides, as indicated in the above examples, for the accumulation of patient revenue by financial classification and accommodation this information is not mandated for reporting but available at the discretion of management.

Other Operating Income and Deductions from Revenue

The other operating income coding reserves the first four digits only. The deductions from revenue coding reserves the first six digits only. An explanation of the digits for both the operating income and the deductions from revenue is as follows:

First Digit - indicates that the account is either other operating revenue account or a deduction from revenue:

0-4 - not used

5 - other operating income or deductions from revenue

6-9 - not used

Second thru Fourth Digits - indicates the primary subclassification of accounts:

000-499 - other operating revenue - find explanation of specific accounts in Sections B and C of this chapter.

500-999 - deductions from revenue - find explanation of specific accounts in Sections B and C of this chapter.

Fifth Digit - indicates the financial classification of accounts for

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deductions from revenue accounts only. The same explanation as that for the fifth digit under routine and ancillary service revenues is applicable. This digit is available for optional use for other operating income accounts.

Sixth Digit - indicates the patient service category of the patient. The same explanation as that for the sixth digit under routine and ancillary service revenues is applicable.

Seventh Digit - is optional.

Patient Service and Other Operating Expenses

The patient service and other operating expense coding reserves the first six digits. An explanation of the digits follows:

First Digit - indicates that it is either a patient service or another operating expense account:

0-5 - not used

6-7 - patient service expenses

8 - other operating expenses

9 - not used

Second thru Fourth Digit - indicates the primary subclassification of accounts which is explained in detail in Sections B and C of this chapter.

Fifth and Sixth Digits - indicates the natural classification of expenses:

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ACCOUNT NUMBERING SYSTEM (cont'd)

Salaries and Wages

- | | |
|---|--|
| .01 Management and supervision | .29 Consulting and management services |
| .02 Technicians, specialists and nonphysician medical practitioners | .30 Legal services |
| .03 Registered nurses | .31 Auditing services |
| .04 Licensed practical nurses | .34 Registered nurses |
| .05 Aides, orderlies and assistants | .35 Licensed practical nurses |
| .06 Clerical and other administrative employees | .36 Private duty nurses fees |
| .07 Environment, hotel and food services employees | .37 Other fees |
| .08 Physicians | |
| .09 Interns, residents and fellows | |

Employee Benefits

- .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

Supplies and Materials

- .38 Disposable Linens
- .44 Prescription Drugs
- .45 Medicine Cabinet Drugs
- .49 Other medical care materials and supplies
- .50 Dietary - Food
- .51 Dietary - Other
- .53 Linen and bedding
- .54 Cleaning supplies
- .55 Office and administrative supplies
- .56 Employee wearing apparel
- .57 Instruments and minor medical equipment (nondepreciable)
- .58 Minor nonmedical equipment (non-depreciable)
- .59 Other supplies and materials

Fees

- .26 Administrative fees - long-term debt
- .27 Physicians Fees
- .28 Therapists and others (nonphysicians)

Purchased and Contracted Services

- .61 Repairs and Maintenance-Purchased Services-Nonassignable
- .62 Medical - Purchased Services
- .63 Repairs and Maintenance - Purchased Services-Directly Assignable
- .65 Management Services

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.66 Collection services
.67 Other purchased services
.68 Contracted services

Depreciation, Rentals & Leases

.69 Depreciation and amortization
.70 Rental or lease-land
.71 Rental or lease-buildings
.72 Rental or lease-fixed equipment
.73 Rental or lease-movable equipment

Other Direct Expenses

.74 Electricity
.75 Gas
.76 Water and Sewer
.77 Fuel Oil #2
.78 Fuel Oil #4
.79 Fuel Oil #6
.80 Other utilities
.81 Insurance
.82 Interest
.83 Licenses and taxes (other than
income taxes)

.84 Telephone and telegraph
.85 Dues to Nursing Home Associations
.86 Printing, duplicating, and
microfilming
.88 Travel, conferences and
workshops
.89 Books, periodicals, etc.
.91 Other direct expenses

Assessments

.92 Assessments from municipalities,
religious, educational founda-
tions or other associations

Transfers

.94 Transfers to other departments-
labor
.95 Transfers to other departments-
supplies and other expenses
.96 Transfers from other departments-
labor
.97 Transfers from other departments-
supplies and other expenses

Seventh Digit- available for optional use.

This digit may be utilized by the home to provide a further detail of expenses which may be required for management purposes or to satisfy other State or Federal requirements. If this digit is used, the natural classification of expense would become a three-digit code. Specific examples of the use of this digit follow:

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Current Natural Classification

Linen and Bedding	.53
Water and Sewer	.76
Travel, conferences and workshops	.88

Expanded Natural Classification

Linen and Bedding	.530
Linen	.531
Bedding	.532
Water and Sewer	.760
Water	.761
Sewer	.762
Travel, conferences and workshops	.880
Travel	.881
Conferences	.882
Workshops	.883

It should be noted that the first thru fourth digits are broken down by type of service as follows:

<u>Description</u>	<u>Account Nos.</u>
<u>Patient service expenses</u>	
Nursing and other professional service	6000 to 7999
Research	8000 to 8099
Education	8100 to 8199
General Services	8200 to 8299
Fiscal and Administrative Services	8300 to 8399
Other	8400 to 8499

It should be further noted that to assist in matching revenue and ex-

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pense, nursing and professional expense coding have the same second, third and fourth digits as their corresponding revenue centers. See the applicable accounts in Section B of this chapter.

Nonoperating Revenue and Expense

Nonoperating revenue and expense consists of amounts not related to the operations of the home. Therefore, these amounts are segregated from operations. The nonoperating revenue and expense coding reserves the first four digits. An explanation of the digits follows:

First Digit - indicates that it is either a nonoperating revenue or expense account.

0-8 - not used

9 - nonoperating revenue or expense

Second thru Fourth Digits - indicates the primary subclassification of accounts which is explained in detail in Sections B and C of this chapter.

NUMERIC: DING SYSTEM

FIRST DIGIT	SECOND DIGIT	THIRD AND FOURTH DIGITS	FIFTH DIGIT	SIXTH DIGIT	SEVENTH DIGIT
0 Not Used					
1 Asset	Fund	Primary Subclassification	Optional	Optional	Optional
2 Liabilities and Equity					
3 Routine Service Revenue		Primary Subclassification	Financial Classification	Patient Service Category	Accommodation
4 Ancillary Service Revenue					
5 Other Operating Income and Deductions from Revenue		Primary Subclassification	Optional	Optional	Optional
			Financial Classification	Patient Service Category	Optional
6 Patient Service Expense				Natural Expense Classification	Optional
8 Other Operating Expense		Primary Subclassification			
9 Nonoperating Revenue and Expense			Optional	Optional	Optional