

NEW YORK STATE
RESIDENTIAL HEALTH CARE FACILITY
ACCOUNTING AND REPORTING MANUAL

SPECIALIZED ACCOUNTING AREAS (cont'd)

(4)

	<u>Account</u>	
DR. PIP Clearing Account	1035.00	\$118,000
CR. Inpatient Receivables- Medicare	1031.00	\$118,000

To relieve to the PIP clearing account for amounts approved and processed by Medicare at the interim rate as evidenced by the Medicare remittance advice for the year.

PATIENT TRUST FUNDS

Patient trust funds consist of amounts deposited on behalf of the patient which are to be used for the personal care and expenditure of that patient. In most cases, these funds consist of social security funds which are received by the patient or by the Nursing Home on behalf of the patient. In most instances, the home must give the patient an allowance each month out of these funds. Since patient trust funds are administered by a facility, these funds should be accounted for as agency funds by governmental and voluntary facilities. For Proprietary facilities, these funds should be accounted for as non-current assets and non-current liabilities using Account Numbers 1320 and 2161.

To illustrate the accounting treatment for patient trust funds (at a voluntary facility) assume the following:

1. The Nursing Home receives a monthly social security check for a patient in the amount of \$250.

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2. The patient receives a monthly allowance of \$28.50 for personal needs.

The accounting entries necessary to properly reflect the above transactions would be:

(1)

	<u>Account</u>	
DR. Cash - Agency Funds	1910.00*	\$250
CR. Fund Balance - Agency Funds	2990.00*	\$250

to record the receipt of patient funds by the Nursing Home

(2)

DR. Fund Balance - Agency Funds	2990.00*	\$ 28.50
CR. Cash - Agency Funds	1910.00*	\$ 28.50

to record the payment of the monthly allowance to the patient

- * These specific accounts have not been included in the Chart of Accounts in Chapter 2. However, the introduction to Chapter 2 (page 2102) indicates that the nine in the second digit is available for optional use. For the purposes of this example, it has been assumed that the digit indicates Agency Funds.