

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

SPECIALIZED ACCOUNTING AREAS (Cont'd)

4. Administration - administering overall activities.
5. Department Supervision - supervising activities of the department.

When physicians are involved in more than one of the above functional activities, their remuneration, if any, should be recorded in the cost center for which services they are paid. Prior to cost finding, their remunerations are to be reclassified to the appropriate cost center on the nursing home's records.

For example, if the Medical Director spends 50% of his time in direct care of patients, 10% in educational activities, 20% in research and 20% in supervision of the department, the reclassification of his remuneration would be as follows:

50% Medical Staff Services  
10% Medical Education  
20% Nursing Home Research Projects  
20% Remains in the cost center (Medical Director's Office)

PERIODIC INTERIM PAYMENTS

Periodic interim payments are made bi-weekly to a nursing home on the PIP program and are based on the home's estimate of applicable Medicare reimbursement for the current cost report period. When such payments are received, a cash account in the Unrestricted Fund is debited and a PIP clearing account is credited for the amount of the payment. When applicable

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

SPECIALIZED ACCOUNTING AREAS (Cont'd)

Medicare charges are billed to the intermediary, the PIP clearing account is debited and patient accounts receivable is credited. At year end, adjustments must be made to eliminate any remaining balance in the PIP clearing account and to reflect the amount receivable from, or due to, the Medicare intermediary.

To illustrate the accounting for PIP, assume the following facts:

1. PIP payments during the year totaled \$140,000.
2. Applicable Medicare inpatient charges billed and other pertinent information were as follows:

	<u>Total</u>	<u>Billed</u>	
		<u>Approved and Processed</u>	<u>Unapproved</u>
Total charges	\$180,000	162,000	18,000
Non-covered charges	9,000	8,500	500
Deductibles and coinsurance	18,000	17,000	1,000
Amount due at interim rate*	132,000	118,000	14,000
Contractual adjustments at interim rate	21,000	18,500	2,500

\* Computed - interim per diem rate times Medicare covered days less applicable deductibles and coinsurance.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

SPECIALIZED ACCOUNTING AREAS (cont'd)

3. Applicable reimbursable inpatient costs per the Medicare cost report prepared for the year were \$160,000.

4. Contractual allowances are recognized at the time of billing.

In summary form, the accounting entries necessary to properly reflect the above transactions would be:

(1)

	<u>Account</u>	
DR. Cash	1011.00	\$140,000
CR. PIP Clearing Account	1035.00	\$140,000

To record the receipt of PIP payments during the year.

(2)

DR. Inpatient Receivables - Medicare	1031.00	\$180,000
Various Revenue Accounts		\$180,000

To record applicable Medicare revenue for the year.

(3)

	<u>Account</u>	
DR. Contractual Adjustments- Current Year (Medicare)	5521.00	\$ 21,000
CR. Inpatient Receivables- Medicare	1031.00	\$ 21,000

To record the Medicare contractual adjustments based on the interim rate.