

NEW YORK STATE
RESIDENTIAL HEALTH CARE FACILITY
ACCOUNTING AND REPORTING MANUAL

SPECIALIZED ACCOUNTING AREAS (Cont'd)

should be included in the cost center to which they apply (e.g., Physical Therapy, Radiology - Diagnostic, etc.), as such inservice education activities will rarely apply to more than one functional activity.

PHYSICIAN REMUNERATION

Due to the numerous types of financial and work arrangements between nursing homes and physicians comparability of costs between nursing homes may be significantly impaired. This section deals with the methods to be used in reporting costs and revenues related to the services of physicians.

Financial Arrangements

Although the variations in financial arrangements between nursing homes and physicians are endless, there are five general types of such arrangements:

1. Attending Physician - Under this arrangement, the physician bills both Medicare, part B, and patients in his name for professional services provided. The nursing home reflects no operating revenue or expense relative to the professional component.
2. House Physician - The nursing home bills Medicare, part B, in their name and receives payment, or bills in the physician's name and receives payment from the physician. The physician is paid a salary by the nursing home which is included in nursing home expense.
Amounts received by the nursing home from Medicare may be operating revenue to the home or may be a liability to Medicaid or the patient, depending upon the extent of the reimbursement ceiling in effect.
3. Normal Arrangement - The nursing home bills patients for the

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physician's contractual professional services, including this amount as nursing home revenue. All department expenses are paid by the nursing home. The nursing home remits a fee to the physician which is included in nursing home expense.

4. Rental Department - The physician bills the patients for certain of the Part A and Part B component (as defined by Medicare) and incurs all substantial direct expenses. The physician remits a fee to recover certain nursing home expenses. This fee is recorded as non-operating revenue (Account 5155) in the appropriate department.
5. Independent/Separate Department - The department functions are provided by an independent physician or group of physicians. Neither revenues nor expenses are incurred by the nursing home. The nursing home refers patients and/or specimens to the physician or group, which is usually located on separate premises. No costs are incurred and no revenue is received under this arrangement.

Work Arrangement

The services provided by nursing home-based physicians may be categorized into five general types:

1. Professional Component - providing direct patient care.
2. Education - teaching and supervising student activity in educational programs.
3. Research - working on research projects.