

CHART OF ACCOUNTS for Hospitals

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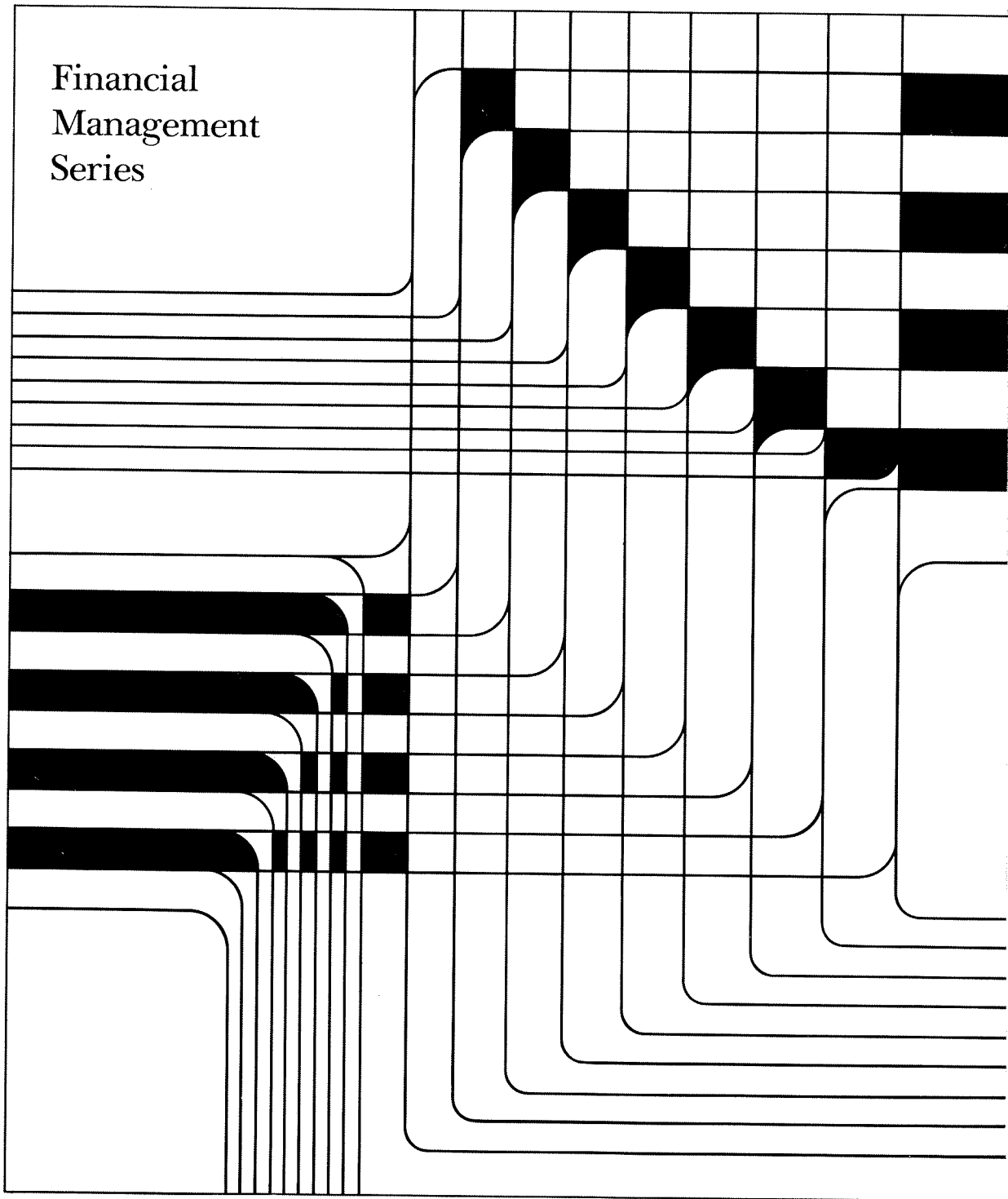
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CHART OF ACCOUNTS for Hospitals



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Contents

| | | |
|------------|--|-----|
| | List of Figures | v |
| | Foreword | vii |
| CHAPTER 1. | Introduction | 1 |
| CHAPTER 2. | Principles of Accounting for Hospitals | 5 |
| CHAPTER 3. | Outline for the Chart of Accounts | 15 |
| CHAPTER 4. | Balance Sheet Accounts | 41 |
| CHAPTER 5. | Revenue and Expense Accounts | 55 |
| CHAPTER 6. | Uniform Reporting | 95 |
| | Index | 149 |

Figures

FIGURE 1. Numerical Coding System—Balance Sheet Accounts 16

FIGURE 2. Numerical Coding System—Revenue Accounts 18

FIGURE 3. Numerical Coding System—Expense Accounts 19

Foreword

RECOGNIZING THAT ACCOUNTING data and information are essential to effective hospital financial management, the American Hospital Association has developed various materials on accounting since the publication in 1922 of the first *Chart of Accounts for Hospitals*. In 1959 and again in 1966 the manual was completely revised, incorporating modifications necessitated by innovations in the accounting field. This 1976 edition reflects the many changes that have occurred in recent years.

This book concerns two types of accounting: responsibility accounting, which is covered in chapters 1 through 5, and uniform reporting, which is covered in chapter 6. The chapter entitled "Estimated Useful Lives of Depreciable Assets," included in the 1959 edition, is not part of this book. The section was revised and expanded and was published by the American Hospital Association as a separate publication in 1973.

The members of the advisory panel responsible for this manual were Charles H. Anderson, director of fiscal services, DeKalb General Hospital, Decatur, GA; Will Bishop, director of finance, California Hospital Association, Sacramento; chairman, John A. Bradley, Ph.D., vice-president, Southwest Management Services, Inc., San Antonio; Harold Hinderer, special adviser, Daughters of Charity Shared Services Association, St. Louis; Dennis May, executive vice-president, Connecticut Hospital Association, New Haven; Stephen Scott, administrator, Montrose (CO) Memorial Hospital; and David D. Willman, partner, Ernst & Ernst, Cleveland. Richard Kasten and David M. Shade of Ernst & Ernst, Chicago, served as consultants.

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Introduction

THE CONTEMPORARY HOSPITAL is a highly complex organization of specialized resources, and its administration is one of the most difficult applications of management art. Hospitals must make available, on a virtually continuous basis, an ever-expanding range of services provided by personnel working in diverse occupations that require substantial investments in plant, equipment, and other necessary resources.

In the last three decades the social, economic, and scientific advances that have complicated the management task have also made accounting, as an information system, an even more vital and integral part of the management process. With the government involvement in hospital reimbursement that came about with the introduction of the Medicare and Medicaid programs in 1966 and of other federal legislation later, hospitals have been required to provide accounting information for other than internal management purposes. These external requirements for hospital accounting information have come from other sources as well: rate review and approval agencies, Blue Cross Plans, and consumer groups. Accountability and full disclosure appear to be the key words in describing current hospital accounting practices.

In addition to the demands of these various third parties for full disclosure, the range and complexity of services offered by hospitals have compounded in recent years, requiring the use of more sophisticated management techniques. As a result, it is particularly important for hospitals to develop new and better methods of accumulating and communicating quantitative data and to give even greater emphasis to the utilization of such information.

In the hospital, as in any other enterprise, the management functions of setting objectives, planning the achievement of the objectives, and ensuring the realization of the objectives are vitally important to the success of the operation.

Beyond the primary objective of any hospital—generally, the provision of high-quality services at optimum cost—are various subordinate, more specific fiscal objectives. Most of these are expressed in financial or statistical terms to permit coordination of all operating units with the overall objectives of the hospital. Of course, financial objectives must be related to overall objectives.

In planning the achievement of objectives, decisions as to what services will be provided, what functions will be performed by various personnel, and how services will be financed are often quantified in a budgeting program.

In ensuring the realization of objectives, the main elements are comparison of actual performance with planned performance, analysis of significant deviations, and implementation of corrective action. In addition, it is necessary that individuals be given the responsibility and the authority for achieving the objectives.

The effectiveness of these management functions depends largely on:

1. The existence of a sound organizational structure.
2. The accumulation of relevant and reliable financial and statistical data that reflect planned objectives and actual results and that relate actual results to the plans for each responsibility area.
3. The ability of management to make full use of such information.

HOSPITAL ORGANIZATION AND ACCOUNTING

Any enterprise should be divided into manageable units and organized as a coordinated, cooperative effort in order to accomplish its objectives. In accounting, as in management, it is important that clear lines of authority and clear definitions of duties be established. It is necessary to have a sound organizational structure in which responsibility for results can be directly identified with the persons responsible for the management of operating units and in which specific revenues can be directly identified with specific expenses. The hospital's organizational structure should be the basis on which operating data are classified, accumulated, and reported for management purposes.

RELIABILITY AND RELEVANCE OF FINANCIAL AND STATISTICAL DATA

A major purpose of accounting is to serve as an information system—to accumulate and communicate financial and statistical data about the operations of the various organizational units to which managerial responsibility and accountability have been assigned. Therefore, the accounting system must be developed in such a way as to provide useful and reliable measures of volume of service rendered, revenues earned, and costs incurred.

The reliability of accounting and statistical information depends largely on an effective system of internal control. Internal control has been defined as follows:

Internal control comprises the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.¹

Accounting procedures should be designed with built-in checks and balances to ensure that accurate and complete records of all transactions are made. Also, procedures and definitions should be developed to prevent accumulation of erroneous or meaningless statistics.

In addition to being reliable, financial data must be relevant. Revenues and expenses must be matched with the organizational units or operational functions that earned the revenues and incurred the costs, so that actual revenues and expenses of the organizational units can be compared with planned results and corrective action can be taken on an interim basis. In

¹American Institute of Certified Public Accountants, Committee on Auditing Procedures. *Internal Control*. New York City: AICPA, 1949, p. 6.

order to achieve maximum control, the planned results should be expressed in the form of a flexible budget.

DIFFERENCES BETWEEN ACCOUNTING FOR REVENUE AND PAYMENT FOR SERVICE

The use of hospital accounting information for rate setting or otherwise determining the amounts of money that hospitals will be paid for the services they render is becoming more widespread. Payment decisions invariably make use of accounting information. However, accounting costs should not be the sole basis for such decisions, as the American Hospital Association's statement on *Financial Requirements of Health Care Institutions and Services* indicates.² For purposes of determining payment for service, consideration must also be given to the *economic* costs of producing services. *Therefore, this manual is addressed to the recording and reporting of financial information for management accounting and public reporting purposes, not for reimbursement purposes.* The differences between the two are significant and need to be recognized in order to prevent any misinterpretation or misuse of this manual.

THE NEED FOR UNIFORMITY

Although hospitals differ to some extent in activities and sources of income, they have more similarities than differences. The use of uniform accounting classifications, accounting methods, and statistical definitions can provide a common standard of measurement and communication. The same kind of information could be reported in the same manner by all hospitals, and thus could be compared among all hospitals. Hospitals would be able to speak a common language and discuss their common problems more easily. Furthermore, hospitals would find it easier to gain acceptance of their cost determinations if financial and statistical information were produced uniformly and in accordance with the methods generally accepted by industry. Therefore, chapter 6 is devoted to uniform reporting.

Hospital accounting and statistical reports are prepared for a variety of uses, among which are: submission of required data to regulatory, state, and federal agencies; development of cost consciousness among hospital employees and medical staffs; education of the public; and provision of helpful information to hospital associations and health organizations. *The most important use of financial and related statistical data, however, is to aid management in planning and controlling hospital activities through internal and interhospital comparisons.*

INTERNAL VERSUS EXTERNAL REPORTING REQUIREMENTS

Functional reporting can be defined as the reporting of financial information according to type of activity. *Responsibility reporting* can be defined as the reporting of financial information according to organizational unit.

²American Hospital Association. *Financial Requirements of Health Care Institutions and Services*. Chicago: AHA, 1975. Catalog no. 8047.

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Total costs and revenues are the same regardless of whether functional or responsibility reporting is used. Each reporting system serves a different purpose, however. Responsibility reporting is necessary for evaluations of and by hospital management. However, because organizational structures vary among hospitals, responsibility reporting does not enable the comparisons necessary for external uses. Stated another way, although specific functional activities are similar in all hospitals, responsibility for the activities varies among hospitals, depending on each hospital's organizational structure. This means that the use of responsibility reporting is limited to internal reporting and that only functional reporting can be used for external reporting.

Therefore, the accounting and reporting system developed by the American Hospital Association enables comparison of activities among hospitals but does not significantly disturb the responsibility reporting system. Although the accounting and reporting concepts and principles discussed in chapter 6 are based on functional reporting, they do not depart materially from responsibility reporting. When differences do occur (as a result of individual hospital organization), reclassifications will be necessary to achieve conformity with uniform reporting requirements.

UTILIZATION OF FINANCIAL AND STATISTICAL INFORMATION

Planning depends on historical financial and statistical data, anticipation of future events, and sound managerial judgment. Without knowledge of past results and trends, it would be difficult to establish programs for the future. Accounting therefore plays an important role in the planning process by providing the historical data that guide management planning and decision making and by converting plans into projected dollar terms and productivity measures. The degree to which a hospital is successful in establishing meaningful operating plans rests largely on the quality of the accounting information available to management.

Periodic accounting and statistical reports can be used to evaluate how well the departments of the hospital have achieved their objectives. This evaluation is accomplished by comparing current results with planned (budgeted) results for all responsibility units within the hospital. Management can use these data in making appropriate control decisions that will bring operations into conformity with objectives.

It must be recognized, however, that the effort directed to the production of reliable and relevant information is largely wasted unless both governing boards and administrators obtain and provide necessary training in the use of such information—that is, unless both understand the information and appreciate its value in the management process. The hospital financial manager, therefore, should be concerned with promoting better understanding of the significance of the information he produces and the ability to utilize it effectively.

Principles of Accounting for Hospitals

ACCOUNTING CAN BE DESCRIBED as a two-phase process: (1) accumulation and communication, in conformity with generally accepted principles, of historical and projected quantitative data relating to the activities of an enterprise and (2) interpretation of these data. *Accumulation* refers to the mechanical process of making records of transactions, *communication* to the reporting of financial and statistical recorded data to management and other users, and *interpretation* to the analysis of data for the purpose of guiding managerial decision making.

Use of inconsistent methods of accounting and of procedures adopted as a result of individual inclination causes confusion and misunderstanding. This chapter therefore is concerned with generally acceptable accounting principles recommended for hospitals.

The principles and concepts recommended in the *Opinions* of the Accounting Principles Board and the Committee on Auditing Procedures of the American Institute of Certified Public Accountants (AICPA) and the AICPA *Hospital Audit Guide* should be used as references for specific questions. Also, pronouncements issued by the Financial Accounting Standards Board should be incorporated in the individual hospital's accounting policies and concepts, as appropriate.

Most of the accounting principles that apply to other industries are equally applicable to hospitals. However, on occasion the unique characteristics of hospitals require modification of universal principles or development of new principles.

There is a lack of agreement in accounting literature on the precise definition of the term *principle*. In this manual, the term *accounting principles* is used in the broadest sense: it includes all of the concepts, assumptions, conventions, and rules that serve as the theoretical basis of accounting procedures, valuations, and presentations.

Separate accounting guidelines for uniform reporting are discussed in chapter 6.

BASIC CONCEPTS OF ACCOUNTING

The Accounting Entity

A fundamental accounting concept is that of the accounting entity, or unit. For accounting purposes, the hospital is an entity capable of buying, selling, and taking other economic action, which are to be accounted for and summarized by means that segregate the affairs of the hospital from the personal affairs of those charged with its administration and operation. The accountant regards the hospital as an entity in its own right, separate and distinct from the parties who furnish its funds or sit on its governing board or work on its premises.

For planning and control purposes, the accountant treats the hospital itself as the primary entity for which accounting records are maintained. Most departments of the hospital are sufficiently important to require the accountant to treat them as subordinate entities.

Continuity of Activity Another basic accounting concept is that of continuity of activity—the hospital is a going concern. The assumption is that the accounting entity, the hospital, will continue to function indefinitely and that it is therefore necessary to divide the life of the hospital into time segments, to determine revenues earned and expenses incurred during each segment, and to measure the amounts of assets and obligations at the end of each segment. If immediate cessation of activity were the assumption, allocations of revenues and costs between the present and the future would be unnecessary.

Objective Evidence Information produced by the accounting process should be based, to the extent possible, on objectively determined facts. A record of an addition to inventory, for example, should be supported by properly executed business documents such as the purchase order, the receiving report, the supplier's invoice, and the check issued in payment of the invoice. Such documents serve as objective evidence of the transaction and permit reliable determination of the cost of the asset, the amount of the liability, and the appropriateness of the resulting cash disbursement. Retention of these documents for a suitable period makes possible verification of much of the data in accounting records.

The requirement of objective evidence, however, cannot always be met by financial data in accounting reports. Although various computations and analyses can provide some evidence, it is often necessary to make estimates. Determinations of depreciation and anticipated bad debts, for example, are based to a large extent on past experience and expected future conditions. In those instances requiring estimates, the judgment of the accountant and of management must be exercised.

Conservatism Although conservatism exerts less influence on accounting procedures than it once did, it still is one of the basic accounting concepts. In matters of opinion and judgment, as when the amount of an item is in doubt, a less optimistic estimate should generally be made. Deliberately excessive estimates should never be made.

Consistency Consistency means that uniform procedures should be practiced continuously from one period to another. When this requirement is ignored, accounting data are not comparable unless adjusted and the validity of the information is open to question. Consistency, however, does not require continued adherence to a method or a procedure that is incorrect or no longer useful, nor does it preclude implementation of a justifiable and desirable change in accounting procedures.

Full Disclosure The concept of full disclosure requires that all significant data be clearly and completely reflected in accounting reports. If, for example, a hospital changes its method of accounting for certain transactions, and if the change has a material effect on the reported financial position or operating results, the nature of the change in the method and its effect must be fully disclosed. No fact that could influence the decisions of management, the governing

board, or other users of financial statements should be omitted from or concealed in accounting reports.

Materiality Materiality is an elusive concept, for the dividing line between material and immaterial amounts cannot be readily determined. It is clear, however, that an amount is material if its exclusion from an accounting statement would cause misleading or incorrect conclusions.

Stable Monetary Unit Accounting records represent primarily events and facts that can be expressed in dollars and cents. Use of the monetary unit as the common denominator in the accounting process enables summations to be made of different kinds of assets, liabilities, revenues, and expenses. Accounting is designed to measure every transaction according to the number of dollars involved, regardless of whether or not the value (purchasing power) of the dollars remains the same. The underlying assumption, of course, is that the general price level does remain reasonably stable; otherwise, the usefulness of the dollar as the standard of measurement would be impaired.

There is growing support for the practice of restating the historical costs of fixed assets and related depreciation charges to reflect general price-level changes. There is usually a significant difference between the historical costs and the restated historical costs reflecting changes in the general price level. For this reason, recovery of depreciation charges based on historical costs is inadequate to replace existing fixed assets. Historically, the price level rises; therefore, depreciation charges for a given period should be based on historical costs restated to reflect the current price level. In other words, it is not enough simply to recover the number of dollars invested in plant assets: accounting and financial policies should allow the hospital's productive capacity to be maintained substantially intact. The hospital's obligation is to preserve plant capital at the current price level.

The American Hospital Association endorses this method of depreciation and fixed-asset accounting and recommends its use in financial recording and reporting, although this method is not in accordance with the accounting principles promulgated by the AICPA. When depreciation charges are based on historical costs restated to reflect changes in the general price level, the following guidelines should be observed:³

- Changes in the general price level should be determined by reference to an index of the general price level, not to an index of the price of a specific type of goods or service. The gross national product (GNP) Implicit Price Deflator is considered to be the most comprehensive indicator of the general price level in the United States and should normally be used.
- The general price-level increments should be formally recorded in the appropriate accounts. Depreciation should be computed on the basis of general price levels. Adjustments in the amount of depreciation recorded should be made for that portion of the assets currently being financed through debt.

³See "Financial Statements Restated for Price Level Changes," Statement No. 3 of the Accounting Principles Board; "Proposed Statement of Financial Accounting Standards: Financial Reporting in Units of General Purchasing Power," from the Financial Accounting Standards Board; and publications of the Securities and Exchange Commission for more detailed discussion of the treatment of price-level changes in financial statements.

- Full disclosure must be made in the financial statements on the basis of valuing fixed assets and of determining depreciation charges. The differences between those fixed assets and related depreciation charges that are based on historical cost and those fixed assets and related depreciation charges that are restated for general price-level changes must also be disclosed.
- Changes in the general price level should be determined and presented in terms of the general purchasing power of the dollar at the time the latest balance sheet is generated.

**Basis
of
Valuation**

Cost is used in accounting as the basis for valuation of most assets and for recording of most expenses because it is considered to be a permanent and objective measurement that reflects the accountability of management for the utilization of funds. Until an asset—such as inventory or equipment, for example—is sold, consumed in operations, or otherwise disposed of, it generally is retained in the accounting records at its original cost. Historical cost is the amount of cash or cash equivalents given in exchange for properties or services.

Interest incurred during construction has traditionally been capitalized as a cost of the related projects; however, it can be charged as a current-period expense. The treatment of interest incurred during construction is currently under consideration by the Financial Accounting Standards Board.

Donated assets

When a hospital acquires property or services through donation, there is no cost in the usual sense. Nevertheless, the acquired property or service should be entered in the accounting records at its fair market value when received. If a donated asset is depreciable property, subsequent depreciation charges should also be based on the asset's fair market value at the date it was donated. Failure to give accounting recognition to donated properties and services results in an understatement of hospital assets, revenues, and expenses and does not fulfill the accountability responsibility of management.

Long-term security investments

An exception to the historical cost principle can be made in the valuation of long-term security investments. Traditionally these investments have been carried in hospital accounting records at the original cost, if purchased, and at the fair market value at the date of donation, if donated. However, periodic (quarterly, semiannual, or annual) adjustment of the investment accounts can be made to reflect current market values.

Use of the current market value as the basis for valuation of long-term security investments is preferable to use of the historical cost, for these reasons:

- Use of costs serves no real purpose and could even be misleading.
- The current market value of an investment portfolio is the true indicator of its earning power and of the stewardship responsibility of management.
- Use of the current market value for securities facilitates accounting for pooled investments. Records of the actual costs of long-term security investments should be maintained as supplemental information. As an

alternative, hospitals can retain the historical cost in the formal accounting records and treat the current market value as supplemental information.

The AICPA *Hospital Audit Guide* specifically states that "carrying long-term security investments at current market value [is] not in accordance with generally accepted principles . . ." However, "the accounting profession is currently studying the subject of accounting for marketable securities."

ACCOUNTING CONVENTIONS

Accrual Basis of Accounting

To ensure completeness, accuracy, and meaningfulness in accounting data, use of the accrual basis of accounting is required. This system of accounting gives recognition to all revenues earned and to all expenses incurred in each time period, irrespective of the flow of cash between the hospital and other parties.

For example, if a patient enters the hospital and receives various hospital services, the patient's account receivable should be debited and the appropriate revenue accounts should be credited at the time the services are rendered or as soon thereafter as is practicable. The fact that the patient has paid nothing to the hospital for such services is irrelevant. On the other hand, if the patient makes an advance deposit, the deposit should not be treated as revenue until it is earned by the hospital in rendering services to the patient.

Another example is the prepayment of a three-year premium on a fire insurance policy. The payment should not be treated in total as an expense in the year of payment. The premium should be allocated to expense over the three-year period covered by the policy.

Accounting records should reflect accrued income and accrued expense. Accrued income is income that has been earned but not yet received in cash by the hospital. An example is earned but unreceived rental income. Accrued expense is expense that has been incurred by the hospital but not yet paid in cash. An example is unpaid salaries and wages earned by hospital employees.

Financial statements *must* be prepared on the accrual basis to conform with generally accepted accounting principles.

Timing Differences

If a hospital uses accelerated depreciation for cost reimbursement purposes and a different method for financial statement purposes, the effect of such difference should be deferred. This requires that recognition of amounts received be deferred to the extent related to the accelerated depreciation claimed for reimbursement but not reported in the financial statements; the deferred amounts should subsequently be recognized as revenue in the years when the effect of the timing difference is reversed.

If depreciation does not enter directly into reimbursement, as in negotiated contracts or in contracts with rates containing factors other than costs, timing differences may not arise. Accordingly, in these instances it may not be necessary to use deferral accounting.

In those instances in which items are accounted for in different periods for reimbursement and financial reporting purposes, the effect of the resulting timing differences should be shown in the financial statements. An example is the accounting for costs and vacation pay.

Fund Accounting In addition to funds that can be used for general operating purposes, hospitals also receive gifts, endowments, grants, and appropriations. Such funds usually are given over in trust to the hospital and are designated for specified purposes, such as construction, equipment, research, or education. Donor instructions sometimes require that the principal be kept intact and invested, with only the income to be expended in accordance with the terms of the endowment.

In fund accounting, the hospital's resources, obligations, and capital balances should be segregated in the accounts into logical groups based on legal restrictions and administrative requirements. There are two basic fund groups: restricted funds and general funds.

Restricted funds

Many hospitals receive gifts, bequests, and grants that are restricted as to use. When funds with donor-imposed restrictions are received, they should be accounted for separately. However, this requirement does not preclude the pooling of assets for investment purposes, as described later in this section.

Restricted funds can be categorized as follows: endowment fund, plant replacement and expansion fund, and specific-purpose fund. The accounts for each restricted fund are self-balancing, as each fund constitutes a subordinate accounting entity.

The **endowment fund** is maintained to account for resources given to the hospital as a permanent fund or as a term endowment. Income from endowment funds may be restricted or unrestricted, according to the endowment contract. When term endowment funds become available to the governing board for unrestricted purposes, they should be reported as nonoperating revenue. If these funds are restricted at the end of the endowment term, they should be transferred at that time to the restricted fund and accounted for as restricted funds.

The **plant replacement and expansion fund** is maintained to account for resources restricted by donors to use for additions to property, plant, and equipment. These donations should be included in the restricted fund balance. Resources from the restricted fund balance should be transferred to the general funds balance in the period in which expenditures are made for the purpose intended by the donor.

Specific-purpose funds received from donors for designated purposes should be reported separately in the specific-purpose fund classification. Expenses funded totally or in part by donor-restricted funds should be recorded in the general funds. All income from donor-restricted funds relative to such expenses for the current year should be transferred to other operating revenue or, if appropriate, should be offset against deductions from revenue.

General fund

The general fund, or operating fund, is used to account for the resources, obligations, and day-to-day activities that are not restricted by the terms

of grants, gifts, or other donations. Transactions of the operating fund should be recorded in a separate group of accounts.

Board-designated funds consist of general resources appropriated or designated by the governing board for special uses. Because the governing board has the authority to rescind its action in appropriating resources in this manner, such appropriations should be accounted for as part of the general fund. In the chart of accounts presented in chapter 3, separate accounts in the general fund should be set aside for board-designated assets. The term *restricted* should not be used in connection with board or other internal hospital appropriations or designations of funds.

Pooled Investments

Various funds can be pooled for investment, unless this practice is prohibited by statute or by the terms of the donation or the grant. Proper determination of equities requires that gains and losses on pooled investments be distributed on the basis of their market values.

Assets included in pooled investments should be reflected in an appropriate other asset account. Gains and losses from investment pools in the general fund should be recorded as income and gains from general fund investments. Gains and losses from pooled investments of restricted funds should be recorded directly in the applicable fund balance account, unless otherwise indicated by the terms of the restriction.⁴

Pledges

All pledges should be included in the hospital's accounting records, and a provision made for amounts estimated to be uncollectible. Revenue from unrestricted pledges should be included in general contributions. Revenue from restricted pledges should be included in the appropriate restricted fund.

Funds Held in Trust by Others

Some hospitals have endowment-type funds held in trust by outside parties. The principal of the funds is not usually controlled by the hospital. These funds should not be included in the balance sheet, but their existence should be disclosed.

In those instances where the trustee is to make distributions to the hospital, the hospital should report these distributions, on an accrual basis, as endowment income. Disclosure of the right to future income should be recorded as a footnote. If the distribution made by the trustee is discretionary, the hospital should report these distributions, when the amounts are determined and are legally payable to the hospital, as gifts or in the manner specified by the terms of the trust or the directions of the trustee.

Revenue

Hospital revenue consists mainly of the value—at the hospital's full established rates, regardless of the amounts actually paid to the hospital by or on behalf of patients—of all hospital services rendered to patients. The objective of patient service revenue accounting should be that of compiling a complete and accurate record, on an accrual basis, of gross revenues earned. Patient service revenues should be accumulated in the accounts in a manner that first identifies the revenues with the organizational units that produced the revenues and then subdivides these classifications according to type of patient (inpatient, outpatient, and so on), financial status of patient, or

⁴See the AICPA *Hospital Audit Guide* for further details.

some other meaningful manner. Measurements of departmental patient service revenues can thus be compared with direct departmental expenses, so that the performance of each organizational unit can be evaluated, planned, and controlled more effectively.

**Deductions
from
Revenue**

In many instances, the hospital receives less than its full established rates—sometimes even nothing—for the services it renders. It is essential that accounting information reflect both the potential gross revenue and the revenue “losses” resulting from inability to collect payment at the established rates. These revenue “losses,” called *deductions from revenue*, are of five basic types:

1. Charity service. Charity service represents the uncollectible amounts, at the hospital's full established rates, of services rendered to financially indigent patients. Allowances may vary from small reductions in regular charges for some patients to 100 percent for others.
2. Contractual adjustments. These adjustments represent the uncollectible difference between full established charges for individual services and the contractual rates for services provided.
3. Personnel adjustments. Reductions in regular charges are sometimes made as a matter of personnel policy.
4. Administrative and policy adjustments. These adjustments represent immaterial amounts of patient service revenue not billed to patients because the cost of billing and collection would exceed the amounts received.
5. Provision for bad debts. This deduction represents the estimated amount of current revenues that will not be realized as a result of credit losses.

All of the above items should be recorded and reported as direct deductions from gross revenue rather than as expenses.

Expenses

Expenses are expired costs, that is, costs that have been used or consumed in carrying on some activity and from which no benefit will extend beyond the present. The terms *expense*, *cost*, and *loss* often are used interchangeably, but each has a specific meaning, particularly in accounting. *Accounting Terminology Bulletin No. 4*, issued by the AICPA, includes the following statements:⁵

Cost is the amount, measured in money, of cash expended or other property transferred, services performed, or a liability incurred, in consideration of goods or services received or to be received. Costs can be classified as unexpired or expired. Unexpired costs (assets) are those which are applicable to the production of future revenues. Expired costs are those which are not applicable to the production of future revenues, and for that reason are treated as deductions from current revenues.

Expense in its broadest sense includes all expired costs which are deductible from revenues. The narrower use of the term *expense*

⁵American Institute of Certified Public Accountants. *Accounting Terminology Bulletin No. 4*. New York City: AICPA, 1957.

refers to such items as operating, selling, or administrative expenses; interest; and taxes.

Loss is (1) the excess of all expenses, in the broad sense of that word, over revenues for a period, or (2) the excess of all or the appropriate portion of the cost of assets over related proceeds, if any, when the items are sold, abandoned, or either wholly or partially destroyed by casualty or otherwise written off. When losses of the second type are deducted from revenues, they are expenses in the broad sense of that term.

The objective of expense accounting is to accumulate, on an accrual basis, complete and meaningful records of expenses in a manner that clearly associates them with responsibility centers in the hospital. Within each center a further classification of expense should be made according to natural classification of expense and in a manner that will permit subsequent reclassifications for purposes of uniform financial reporting. These matters are discussed in detail in the following chapters.

**Matching
Revenues
and
Expenses**

Determination of the excess of revenue over expenses of an accounting period requires measurement of amounts of revenue, revenue deductions, and expenses associated with the period. Hospital revenue should be recorded in the period in which it is earned, that is, in the time period during which the services are rendered to patients. Once the revenue determination has been made, measurement should be made of the amount of expense incurred in rendering the service on which the revenue determination was based. Unless there is such a matching of accomplishment (revenue) and effort (expense), the reported excess of revenue over expenses of a period is a meaningless figure.

Sometimes overlooked is the requirement that revenue deductions also should be matched properly against the gross revenues of the applicable accounting period. During the accounting period, patients' accounts receivable should be debited and revenue accounts should be credited, at the hospital's full established rates, for all services rendered to patients. Some amount of these accounts receivable will remain unpaid at the end of the accounting period. A majority of these accounts will be collected in cash from the patients or from their third-party sponsors, but the remainder eventually will be written off. In each accounting period, proper provision should be made for the expected uncollectible amount, with the offset later being credited to allowance accounts.

Outline for the Chart of Accounts

A chart of accounts is a list of account titles with numerical symbols designed for the compiling of financial data concerning the assets, liabilities, equity, revenues, and expenses of an enterprise. It should provide for accumulation of information in a manner that is as useful as possible to management for planning and control purposes. The classifications in a chart of accounts should correspond to the divisions of responsibility in a hospital as expressed in its current organizational chart. Because no two hospitals are, or necessarily should be, organized in exactly the same way, no two hospitals will use identical charts of accounts.

It is not possible to develop a chart of accounts that will fulfill all the requirements of all hospitals. An outline of a chart of accounts that can be used in a hospital for responsibility reporting purposes and an explanation of a numerical coding system are presented in this chapter. Subsequent chapters present discussions of the nature and content of each account.

Many hospitals will not require much of the detailed information provided in this chart; others may require even more detailed classifications. A wide range of accounts is provided here because it is easier for the individual hospital to omit what is not needed than to add what is needed but not described in the manual. This chart can be contracted or expanded in order to meet specific requirements without affecting the basic uniformity needed for recording and reporting financial information.

A structure can be provided in which the accounts can be reclassified in order to produce financial information concerning functional activities that might cross organizational (responsibility) lines. Therefore, in addition to satisfying individual hospital requirements for management reporting, this manual provides a method for recording the results of transactions on a functional basis as well.

CODING SYSTEM

The numerical coding system described in this chart of accounts provides for the use of six digits. For those hospitals that wish to use additional digits for additional detail, a three-digit suffix is suggested, in order to enable a hospital to use an integrated coding system that permits simultaneous recording for both responsibility and uniform functional reporting systems in situations where uniform reporting is required (see figure 1, page 16).

BALANCE SHEET ACCOUNTS

In balance sheet accounts, the first digit designates the financial statement classification of the account. The classifications follow the sequence

FIGURE 1—NUMERICAL CODING SYSTEM—BALANCE SHEET ACCOUNTS

| FIRST DIGIT | SECOND DIGIT | THIRD AND FOURTH DIGITS | DECIMAL POINT | FIFTH AND SIXTH DIGITS |
|------------------------|--------------|-------------------------|---------------|------------------------|
| 0 Not used | 0 | 0 | . | 0 |
| 1 Asset | 1 | 1 | . | 1 |
| 2 Liability and equity | 2 | 2 | . | 2 |
| | 3 | 3 | . | 3 |
| | 4 | 4 | . | 4 |
| | 5 | 5 | . | 5 |
| 6 Income statement | 6 | 6 | . | 6 |
| | 7 | 7 | . | 7 |
| | 8 | 8 | . | 8 |
| | 9 | 9 | . | 9 |

Diagram annotations:

- A bracket groups the second digits 1, 2, 3, and 4, labeled "General funds".
- A horizontal arrow labeled "Primary subclassification" spans from the third digit (0) to the fourth digit (9).
- A horizontal arrow labeled "Classification according to individual hospital requirements" spans from the fifth digit (0) to the sixth digit (9).
- At the bottom, a horizontal arrow labeled "Income statement" spans from the first digit (6) to the sixth digit (9).
- At the bottom, a horizontal arrow labeled "Other funds" spans from the eighth digit (8) to the ninth digit (9).

in which information is customarily presented in financial statements.

The second digit identifies the fund to which the account is related.

The third and fourth digits identify specific control accounts and subaccounts. An account with a fourth digit of zero indicates a control account, whereas accounts with a fourth digit other than zero are subaccounts under a specific control account.

The fifth and sixth digits are available for other classifications according to individual hospital needs.

A representative list of balance sheet accounts is provided on pages 21 through 29.

REVENUE AND EXPENSE ACCOUNTS

The first six digits in revenue and expense accounts are used to code transactions for purposes of responsibility reporting (see figures 2 and 3, pages 18 and 19).

The first digit describes basic groups of revenue and expense accounts in the sequence in which they are presented in financial statements.

The second, third, and fourth digits are used to identify organizational units within the hospital. These units can be referred to as *revenue and expense centers* or *responsibility centers*. The responsibility centers should coincide with the assignment of responsibilities within the hospital as delineated in the hospital's organizational chart. An extensive listing of responsibility centers is required typically; however, it should be remembered that because no two hospitals are organized in exactly the same manner, no two hospitals will use exactly the same array of responsibility centers.

The fifth and sixth digits are used to provide for various subclassifications of revenue and expense. For revenue transactions, the fifth digit is used to describe patient classification data. The sixth digit may be used to further subclassify revenues according to individual hospital requirements. For expense transactions, the fifth and sixth digits are used to provide natural classifications of expense within each responsibility center. A representative listing of natural expense classifications is provided later in this chapter (see pages 30 and 31).

The seventh, eighth, and ninth digits, which can be used as a three-digit suffix for integrating functional reporting when applicable, are explained in the section on functional reporting, next.

FUNCTIONAL REPORTING

The data classification pattern reflected in this chart of accounts provides for the recording and classification of transactions according to organizational units. In addition to providing for responsibility reporting, the chart of accounts provides for recording and classification of transactions according to standard functional definitions, for hospitals that participate in uniform reporting programs. The nine-digit revenue and expense account number has been developed so that a given transaction can be classified according to the responsibility units and the functional units to which the transaction is related.

FIGURE 2—NUMERICAL CODING SYSTEM—REVENUE ACCOUNTS

| FIRST DIGIT | SECOND, THIRD, AND FOURTH DIGITS | DECIMAL POINT | FIFTH DIGIT | SIXTH DIGIT | DECIMAL POINT | SEVENTH, EIGHTH, AND NINTH DIGITS |
|---|----------------------------------|---------------|----------------------|-------------|-----------------------|-----------------------------------|
| 0 Not used | | . | Inpatient acute | | . | |
| 1 } 2 } Balance sheet accounts | | . | Inpatient long-term | | . | |
| 3 } 4 } Routine and other professional service revenue | | . | Outpatient emergency | | . | |
| | | . | Outpatient referred | | . | |
| | | . | Outpatient clinic | | . | |
| 5 Other operating revenue and deductions from revenue | | . | Day care | | . | |
| 6 | | . | Home health care | | . | |
| 7 Expense accounts | | . | | | . | |
| 8 | | . | | | Other classifications | |
| 9 Nonoperating revenue | | . | | | . | |

FIGURE 3—NUMERICAL CODING SYSTEM—EXPENSE ACCOUNTS

| FIRST DIGIT | SECOND, THIRD, AND FOURTH DIGITS | DECIMAL POINT | FIFTH AND SIXTH DIGITS | DECIMAL POINT | SEVENTH, EIGHTH, AND NINTH DIGITS |
|--|----------------------------------|---------------|------------------------|---------------|-----------------------------------|
| 0 Not used | | . | | . | |
| 1 } Balance sheet accounts | | . | | . | |
| 2 } } | | . | | . | |
| 3 | | . | | . | |
| 4 Revenue accounts | | . | | . | |
| 5 | | . | | . | |
| 6 } Nursing and other professional services expense | | . | | . | |
| 7 } | | . | | . | |
| 8 Other services expense | | . | | . | |
| 9 Nonoperating expense | | . | | . | |

| | | | | |
|--|-----------------------------------|------------------------------------|---|---|
| ← | ← | ← | ← | ← |
| ↑ | ↑ | ↑ | ↑ | ↑ |
| ↓ | ↓ | ↓ | ↓ | ↓ |
| → | → | → | → | → |
| Classification by organizational units | Natural classification of expense | Classification by functional units | | |

This account code structure allows the hospital to classify a transaction in two ways at the time the transaction is originally recorded. This relieves the hospital of the burden of making the extensive reclassifications that would otherwise be required in order to convert from internal responsibility reporting to uniform functional reporting.

When the functions and activities actually performed by each of the hospital's responsibility units are different from those described in the standard functional and service definitions used for uniform reporting, reclassifications of expense and revenue transactions will be required to some extent. When the functions and activities actually performed are similar to those described in the standard functional and service definitions, fewer reclassifications will be required. The standard functional and service definitions for each functional reporting center are described in chapter 6.

If uniform reporting is to be implemented by a particular hospital, the hospital must inventory the functions and services provided by each of its responsibility units. This list of activities for each responsibility unit should then be compared to the standard functional and service definitions given for the appropriate functional reporting center. When differences are found, the responsibility reporting data will have to be reclassified to correspond with the standard functional and service definitions for the functional reporting center. When such reclassifications are required, the seventh, eighth, and ninth digits of the account number should be used to identify the unit to which the transaction is to be reclassified. This coding should be done *at the time the original transaction is recorded*.

Responsibility control accounts (accounts in which the fourth digit is zero) represent the functional centers. The first three digits of these responsibility account numbers correspond to the functional account numbers.

When a hospital is participating in a uniform reporting program and its responsibility reporting centers do not differ from the functional reporting centers, reclassifications of revenues and expenses are not necessary.

CHART OF ACCOUNTS FOR RESPONSIBILITY REPORTING

This is an outline of the accounts for responsibility reporting in the chart of accounts. Detailed descriptions of the accounts are provided in subsequent chapters.

BALANCE SHEET ACCOUNTS

| Account Number | | | | | | Account Title |
|-----------------------|------------------|--------------------------------------|-----------------------|----------------|--|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| | | | | | | |
| Current Assets | | | | | | |
| 1010.00 | 1410.00 | 1510.00 | 1610.00 | 1710.00 | Cash | |
| 1011.00 | 1411.00 | 1511.00 | 1611.00 | 1711.00 | General checking accounts | |
| 1012.00 | | | | | Payroll checking accounts | |
| 1013.00 | | | | | Other checking accounts | |
| 1014.00 | | | | | Imprest cash funds | |
| 1015.00 | 1415.00 | 1515.00 | 1615.00 | 1715.00 | Savings accounts | |
| 1016.00 | 1416.00 | 1516.00 | 1616.00 | 1716.00 | Certificates of deposit | |
| 1020.00 | 1420.00 | 1520.00 | 1620.00 | 1720.00 | Marketable Securities | |
| 1021.00 | 1421.00 | 1521.00 | 1621.00 | 1721.00 | U.S. government securities | |
| 1022.00 | 1422.00 | 1522.00 | 1622.00 | 1722.00 | Other current investments | |
| 1030.00 | | | | | Accounts and Notes Receivable | |
| 1031.00 | | | | | Inpatient receivables— inhouse | |
| 1032.00 | | | | | Inpatient receivables— discharged—unbilled | |
| 1033.00 | | | | | Inpatient receivables— discharged—billed—self-pay | |
| 1034.00 | | | | | Inpatient receivables— discharged—billed— Blue Cross | |
| 1035.00 | | | | | Inpatient receivables— discharged—billed— commercial insurance | |
| 1036.00 | | | | | Inpatient receivables— discharged—billed— Workmen's Compensation | |
| 1037.00 | | | | | Inpatient receivables— discharged—billed—Medicare | |
| 1038.00 | | | | | Inpatient receivables— discharged—billed—Medicaid | |
| 1039.00 | | | | | Inpatient receivables— discharged—billed—other | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | Account Title |
|-----------------------------------|------------------|--------------------------------------|-----------------------|----------------|--|
| General Funds | | Restricted Funds | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | |
| | | | | | |
| Current Assets (Continued) | | | | | |
| 1041.00 | | | | | Interim payment clearing account—Blue Cross |
| 1042.00 | | | | | P.I.P. (periodic interim payment) clearing account—Medicare |
| 1043.00 | | | | | Interim payment clearing account—Medicaid |
| 1044.00 | | | | | Outpatient receivables—unbilled |
| 1045.00 | | | | | Outpatient receivables—billed—self-pay |
| 1046.00 | | | | | Outpatient receivables—billed—Blue Cross |
| 1047.00 | | | | | Outpatient receivables—billed—commercial insurance |
| 1048.00 | | | | | Outpatient receivables—billed—Workmen's Compensation |
| 1049.00 | | | | | Outpatient receivables—billed—Medicare |
| 1051.00 | | | | | Outpatient receivables—billed—Medicaid |
| 1052.00 | | | | | Outpatient receivables—billed—other |
| 1053.00 | | | | | Patient receivables—collection agency |
| 1055.00 | | | | | Notes receivable |
| 1060.00 | | | | | Allowance for Uncollectible Receivables and Third-Party Contractuals |
| 1061.00 | | | | | Allowance for bad debts |
| 1062.00 | | | | | Allowance for contractual adjustments—Blue Cross |
| 1063.00 | | | | | Allowance for contractual adjustments—Medicare |
| 1064.00 | | | | | Allowance for contractual adjustments—Medicaid |
| 1065.00 | | | | | Allowance for contractual adjustments—other |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|-----------------------------------|------------------|--------------------------------------|-----------------------|----------------|---|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| | | | | | | |
| Current Assets (Continued) | | | | | | |
| 1066.00 | | | | | Allowance for other adjustments | |
| 1067.00 | | | | | Allowance—collection agency | |
| 1070.00 | | | | | Receivables from Third-Party Payers | |
| 1071.00 | | | | | Other receivables—third-party cost report settlement—Medicare | |
| 1072.00 | | | | | Other receivables—third-party cost report settlement—Medicaid | |
| 1073.00 | | | | | Other receivables—third-party cost report settlement—other | |
| 1080.00 | 1480.00 | 1580.00 | 1680.00 | 1780.00 | Pledges and Other Receivables | |
| 1081.00 | 1481.00 | 1581.00 | 1681.00 | 1781.00 | Pledges | |
| 1082.00 | 1482.00 | 1582.00 | 1682.00 | 1782.00 | Allowance for uncollectible pledges | |
| 1083.00 | 1483.00 | 1583.00 | 1683.00 | 1783.00 | Grants and legacies | |
| 1084.00 | | | | | Accounts and notes receivable—staff, employees, and so forth | |
| 1085.00 | | | | | Due from parent/subsidiary/affiliate | |
| 1086.00 | 1486.00 | 1586.00 | 1686.00 | 1786.00 | Other receivables | |
| 1090.00 | | 1590.00 | 1690.00 | 1790.00 | Due from Other Funds | |
| | | 1591.00 | 1691.00 | 1791.00 | Due from general funds | |
| 1092.00 | | | 1692.00 | 1792.00 | Due from plant replacement and expansion funds | |
| 1093.00 | | 1593.00 | | 1793.00 | Due from specific-purpose funds | |
| 1094.00 | | 1594.00 | 1694.00 | | Due from endowment funds | |
| 1110.00 | | | | | Inventory | |
| 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 | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|---|------------------|--------------------------------------|-----------------------|----------------|------------------------------|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| Current Assets (Continued) | | | | | | |
| 1119.00 | | | | | Inventory—other | |
| 1120.00 | | | | | Prepaid Expenses | |
| 1121.00 | | | | | Prepaid insurance | |
| 1122.00 | | | | | Prepaid interest | |
| 1123.00 | | | | | Prepaid rent | |
| 1124.00 | | | | | Prepaid pension plan expense | |
| 1125.00 | | | | | Prepaid taxes | |
| 1126.00 | | | | | Prepaid service contracts | |
| 1127.00 | | | | | Prepaid expenses—other | |
| 1128.00 | | | | | Deposits | |
| 1129.00 | | | | | Other current assets | |
| Property, Plant, and Equipment—Historical Cost | | | | | | |
| 1130.00 | | | | | Land | |
| 1140.00 | | | | | Land Improvements | |
| 1150.00 | | | | | Buildings | |
| 1160.00 | | | | | Leasehold Improvements | |
| 1170.00 | | | | | Fixed Equipment | |
| 1180.00 | | | | | Major Movable Equipment | |
| 1190.00 | | | | | Minor Equipment | |
| 1210.00 | | | | | Construction in Progress | |
| 1211.00 | | | | | Building | |
| 1212.00 | | | | | Fixed equipment | |
| 1213.00 | | | | | Movable equipment | |
| 1214.00 | | | | | Fees | |
| 1215.00 | | | | | Insurance | |
| 1216.00 | | | | | Interest | |
| 1220.00 | | | | | Price-Level Increments | |
| 1221.00 | | | | | Land | |
| 1222.00 | | | | | Land improvements | |
| 1223.00 | | | | | Buildings | |
| 1224.00 | | | | | Leasehold improvements | |
| 1225.00 | | | | | Fixed equipment | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|---|------------------|--------------------------------------|-----------------------|----------------|--|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| Property, Plant, and Equipment—Historical Cost (Continued) | | | | | | |
| 1226.00 | | | | | Major movable equipment | |
| 1227.00 | | | | | Minor equipment | |
| Accumulated Depreciation—Historical Cost | | | | | | |
| 1240.00 | | | | | Land Improvements | |
| 1250.00 | | | | | Buildings | |
| 1260.00 | | | | | Leasehold Improvements | |
| 1270.00 | | | | | Fixed Equipment | |
| 1280.00 | | | | | Major Movable Equipment | |
| 1290.00 | | | | | Minor Equipment | |
| 1310.00 | | | | | Price-Level Increments | |
| 1312.00 | | | | | Land improvements | |
| 1313.00 | | | | | Buildings | |
| 1314.00 | | | | | Leasehold improvements | |
| 1315.00 | | | | | Fixed equipment | |
| 1316.00 | | | | | Major movable equipment | |
| 1317.00 | | | | | Minor equipment | |
| Deferred Charges and Other Assets | | | | | | |
| 1330.00 | 1430.00 | 1530.00 | 1630.00 | 1730.00 | Other Assets | |
| 1340.00 | | | | 1740.00 | Investment in Nonoperating Property, Plant, and Equipment | |
| 1350.00 | | | | 1750.00 | Accumulated Depreciation—Investments in Nonoperating Plant and Equipment | |
| 1360.00 | | | | 1760.00 | Other Intangible Assets | |
| 1361.00 | | | | 1761.00 | Goodwill | |
| 1362.00 | | | | 1762.00 | Unamortized borrowing cost | |
| Current Liabilities | | | | | | |
| 2010.00 | | | | | Notes and Loans Payable | |
| 2011.00 | | | | | Notes and loans payable—vendors | |
| 2012.00 | | | | | Notes and loans payable—banks | |
| 2013.00 | | | | | Other notes and loans payable | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|--|------------------|--------------------------------------|-----------------------|----------------|--|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| Current Liabilities (Continued) | | | | | | |
| 2020.00 | | | | | Accounts Payable | |
| 2021.00 | | | | | Trade payables | |
| 2022.00 | | | | | Other accounts payable | |
| 2030.00 | | | | | Accrued Compensation and Related Liabilities | |
| 2031.00 | | | | | Accrued payroll | |
| 2032.00 | | | | | Accrued vacation, holiday, and sick pay | |
| 2033.00 | | | | | Other accrued salaries and wages payable | |
| 2035.00 | | | | | Federal income taxes withheld | |
| 2036.00 | | | | | Social Security taxes withheld and accrued | |
| 2037.00 | | | | | State income taxes withheld | |
| 2041.00 | | | | | Unemployment taxes payable | |
| 2044.00 | | | | | Accrued hospitalization insurance premiums | |
| 2046.00 | | | | | Union dues payable | |
| 2049.00 | | | | | Other payroll taxes and deductions payable | |
| 2050.00 | | | | | Other Accrued Expenses | |
| 2051.00 | | | | | Interest payable | |
| 2052.00 | | | | | Rent payable | |
| 2053.00 | | | | | Property taxes payable | |
| 2054.00 | | | | | Fees payable—medical specialists | |
| 2055.00 | | | | | Fees payable—other | |
| 2056.00 | | | | | Other accrued expenses payable | |
| 2060.00 | | | | | Advances from Third-Party Payers | |
| 2061.00 | | | | | Advances—Medicare | |
| 2062.00 | | | | | Advances—other third-party payers | |
| 2070.00 | | | | | Payable to Third-Party Payers | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|---|------------------|--------------------------------------|-----------------------|----------------|---|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| | | | | | | |
| Current Liabilities (Continued) | | | | | | |
| 2071.00 | | | | | Reimbursement settlement due—Medicare | |
| 2072.00 | | | | | Reimbursement settlement due—Medicaid | |
| 2073.00 | | | | | Reimbursement settlement due—other | |
| 2080.00 | 2480.00 | 2580.00 | 2680.00 | 2780.00 | Due to Other Funds | |
| | 2481.00 | 2581.00 | 2681.00 | 2781.00 | Due to general funds | |
| 2082.00 | 2482.00 | | 2682.00 | 2782.00 | Due to plant replacement and expansion fund | |
| 2083.00 | 2483.00 | 2583.00 | | 2783.00 | Due to specific-purpose fund | |
| 2084.00 | 2484.00 | 2584.00 | 2684.00 | | Due to endowment fund | |
| 2090.00 | | | | | Income Taxes Payable | |
| 2091.00 | | | | | Federal income taxes payable | |
| 2092.00 | | | | | State income taxes payable | |
| 2110.00 | | | | | Other Current Liabilities | |
| 2111.00 | | | | | Deferred income—patient deposits | |
| 2112.00 | | | | | Deferred tuition and fees | |
| 2113.00 | | | | | Deferred income—other | |
| 2114.00 | | | | | Dividends payable | |
| 2115.00 | | | | | Bank overdrafts | |
| 2116.00 | | | | | Due to parent/subsidiary/affiliate | |
| 2117.00 | | | | | Construction retention payable | |
| 2118.00 | | | | | Construction contracts payable | |
| 2119.00 | | | | | Other current liabilities | |
| Deferred Credits and Other Liabilities | | | | | | |
| 2120.00 | | | | | Deferred Income Taxes | |
| 2121.00 | | | | | Deferred taxes payable—state | |
| 2122.00 | | | | | Deferred taxes payable—federal | |
| 2130.00 | | | | | Deferred Third-Party Revenue | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|---|------------------|--------------------------------------|-----------------------|----------------|---|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| | | | | | | |
| Deferred Credits and Other Liabilities (Continued) | | | | | | |
| 2131.00 | | | | | Deferred revenue—Medicare | |
| 2132.00 | | | | | Deferred revenue—Medicaid | |
| 2133.00 | | | | | Deferred revenue—other third-party reimbursement | |
| Long-Term Debt | | | | | | |
| 2150.00 | | | | 2750.00 | Mortgages Payable | |
| 2160.00 | | | | | Construction Loans | |
| 2170.00 | | | | | Notes under Revolving Credit | |
| 2180.00 | | | | | Capitalized Lease Obligations | |
| 2190.00 | | | | 2790.00 | Other | |
| Fund Balances | | | | | | |
| Not-for-Profit Hospitals | | | | | | |
| 2210.00 | 2410.00 | 2510.00 | 2610.00 | 2710.00 | Fund Balances | |
| 2211.00 | 2411.00 | 2511.00 | 2611.00 | 2711.00 | Fund balance | |
| 2212.00 | 2412.00 | 2512.00 | 2612.00 | 2712.00 | Transfers from restricted funds for capital outlays | |
| 2213.00 | 2413.00 | 2513.00 | 2613.00 | 2713.00 | Value of donated property, plant, and equipment | |
| | 2414.00 | 2514.00 | 2614.00 | 2714.00 | Transfers to operating fund for operating purposes | |
| 2215.00 | | | | | Price-level revaluation | |
| Investor-Owned Corporation | | | | | | |
| 2220.00 | | | | | Stockholders' Equity | |
| 2221.00 | | | | | Preferred stock | |
| 2222.00 | | | | | Common stock | |
| 2223.00 | | | | | Retained earnings | |
| 2224.00 | | | | | Treasury stock | |
| | | 2520.00 | 2620.00 | 2720.00 | Restricted Fund Balances | |
| | | 2521.00 | 2621.00 | 2721.00 | Fund balance | |
| | | 2522.00 | 2622.00 | 2722.00 | Transfers from restricted funds for capital outlays | |
| | | 2523.00 | 2623.00 | 2723.00 | Transfers to operating fund for operating purposes | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Number | | | | | | Account Title |
|-----------------------------------|------------------|--------------------------------------|-----------------------|----------------|---|---------------|
| General Funds | | Restricted Funds | | | | |
| Operating | Board-Designated | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund | | |
| | | | | | | |
| Investor-Owned Partnership | | | | | | |
| 2230.00 | | | | | Capital | |
| 2231.00 | | | | | Capital | |
| 2232.00 | | | | | Partner's draw | |
| | | 2530.00 | 2630.00 | 2730.00 | Restricted Fund Balances | |
| | | 2531.00 | 2631.00 | 2731.00 | Fund balance | |
| | | 2532.00 | 2632.00 | 2732.00 | Transfers from restricted funds for capital outlays | |
| | | 2533.00 | 2633.00 | 2733.00 | Transfers to operating fund for operating purposes | |

Natural Classification of Expenses

- .00 Salaries and Wages
- .01 Management and supervision
- .02 Technicians and specialists
- .03 Registered nurses
- .04 Licensed vocational (practical) nurses
- .05 Aides and orderlies
- .06 Clerical and other administrative employees
- .07 Environment and food service employees
- .08 Physicians
- .09 Nonphysician medical practitioners
- .10 Vacation, holiday, sick pay, and other nonworked compensation

- .15 Employee Benefits
- .16 F.I.C.A.
- .17 State unemployment insurance and federal unemployment insurance
- .18 Group health insurance
- .19 Pension and retirement
- .20 Workmen's Compensation insurance
- .21 Group life insurance

- .25 Professional Fees—Medical
- .27 Physicians' remuneration
- .28 Therapists and others (nonphysician)

- .30 Other Professional Fees
- .31 Consulting and management services
- .32 Legal services
- .33 Auditing services

- .35 to Supplies and Materials, Special Departmental
- .44

- .45 General Supplies
- .46 Office and administrative supplies
- .47 Employee wearing apparel
- .48 Instruments and minor medical equipment (nondepreciable)
- .49 Minor equipment (nondepreciable)
- .50 Other supplies and materials

- .54 Purchased Services
- .55 Medical—purchased services
- .56 Repairs and maintenance—purchased services
- .57 Medical school contracts—purchased services

Natural Classification of Expenses (Continued)

- .58 Management services
- .59 Collection services
- .60 Other purchased services

- .65 Other Direct Expenses
 - .66 Depreciation and amortization—land improvements
 - .67 Depreciation and amortization—buildings and improvements
 - .68 Depreciation and amortization—leasehold improvements
 - .69 Depreciation and amortization—fixed equipment
 - .70 Depreciation and amortization—movable equipment
 - .74 Rental or lease—land
 - .75 Rental or lease—buildings
 - .76 Rental or lease—fixed equipment
 - .77 Rental or lease—movable equipment
 - .78 Utilities—electricity
 - .79 Utilities—gas
 - .80 Utilities—water
 - .81 Utilities—oil
 - .82 Other utilities
 - .84 Insurance—professional liability
 - .85 Insurance—other
 - .87 Licenses and taxes (other than income taxes)
 - .88 Telephone and telegraph
 - .89 Dues and subscriptions
 - .91 Outside training sessions
 - .92 Travel
 - .93 Other direct expenses

REVENUE AND EXPENSE ACCOUNTS

| Account Number | | Account Description (Page No.) | Account Title |
|--|--------------------|--------------------------------------|---|
| Revenue | Expense | | |
| Nursing and Other Professional Services—Revenue and Expense | | | |
| | 6010 | 63 | Nursing Administration |
| | 6011 | 63 | Nursing—administration |
| | 6012 | 63 | Nursing—in-service education |
| | 6013 | 63 | Float nursing personnel |
| | 6014 | 63 | Central transportation |
| 3020 | 6020 | 64 | Nurses' Stations—Medical and Surgical Acute |
| 3021 to 3049 | 6021 to 6049 | 64 | Designated medical and surgical acute care units* |
| 3050 | 6050 | 64 | Pediatric Acute |
| 3060 | 6060 | 64 | Psychiatric Acute |
| 3070 | 6070 | 65 | Other Adult and Pediatric Acute |
| 3071 | 6071 | 65 | Detoxification unit(s) |
| 3072 | 6072 | 65 | Communicable disease unit(s) |
| 3080 | 6080 | 65 | Obstetric (Gynecologic) Acute |
| 3090 | 6090 | 65 | Newborn Nursery Acute |
| 3095 | 6095 | 65 | Premature unit(s) |
| 3120 | 6120 | 66 | Intensive Care |
| 3121 | 6121 | 66 | Medical-surgical intensive care unit(s) |
| 3122 | 6122 | 66 | Pediatric intensive care unit(s) |
| 3123 | 6123 | 67 | Neonatal intensive care unit(s) |
| 3124 | 6124 | 67 | Definitive observation intensive care unit(s) |
| 3125 | 6125 | 67 | Psychiatric (isolation) intensive care unit(s) |
| 3130 | 6130 | 68 | Burn Care |
| 3140 | 6140 | 68 | Cardiac Care |
| 3141 | 6141 | 68 | Myocardial infarction unit(s) |
| 3142 | 6142 | 68 | Pulmonary care unit(s) |
| 3143 | 6143 | 68 | Heart transplant unit(s) |
| 3150 | 6150 | 69 | Extended (Long-Term) and Other Care† |
| 3151 | 6151 | 69 | Skilled nursing unit(s) |
| 3152 | 6152 | 69 | Rehabilitation unit(s) |

*See page 64 for classifications.

†Where formally organized day-care unit(s) and/or night-care unit(s) exist, separate accounts can be established.

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|-----------------------------------|----------------------------------|
| Revenue | Expense | | |
| Nursing and Other Professional Services— Revenue and Expense (Continued) | | | |
| 3153 | 6153 | 69 | Long-term psychiatric unit(s) |
| 3154 | 6154 | 69 | Residential unit(s) |
| 3156 | 6156 | 70 | Self-care unit(s) |
| 3160 | 6160 | 70 | Hemodialysis |
| 3170 | 6170 | 70 | Respiratory Services |
| 3171 | 6171 | 70 | Respiratory therapy |
| 3172 | 6172 | 70 | Pulmonary function testing |
| 3190 | 6190 | 70 | Labor and Delivery Services |
| 3191 | 6191 | 70 | Labor room(s) |
| 3192 | 6192 | 70 | Delivery room(s) |
| 3210 | 6210 | 71 | Surgical Services |
| 3211 | 6211 | 71 | General surgery |
| 3212 | 6212 | 71 | Organ transplants |
| 3213 | 6213 | 71 | Open-heart surgery |
| 3214 | 6214 | 71 | Neurosurgery |
| 3215 | 6215 | 71 | Orthopedic surgery |
| 3216 | 6216 | 71 | Minor surgery |
| 3217 | 6217 | 71 | Surgical day care (mini-surgery) |
| 3218 | 6218 | 71 | Recovery room(s) |
| 3230 | 6230 | 71 | Emergency Services |
| 3231 | 6231 | 71 | Emergency department |
| 3232 | 6232 | 72 | Ambulance service |
| 3250 | 6250 | 72 | Central Services |
| 3251 | 6251 | 72 | Central services |
| 3252 | 6252 | 72 | Central sterile supply |
| 4010 | 7010 | 72, 73 | Laboratory Services* |
| 4011 | 7011 | 72, 73 | Chemistry |
| 4012 | 7012 | 72, 73 | Hematology |
| 4013 | 7013 | 72, 73 | Histology |
| 4016 | 7016 | 72, 73 | Autopsy |
| 4017 | 7017 | 72, 73 | Special procedures |
| 4018 | 7018 | 73 | Immunology |
| 4019 | 7019 | 73 | Microbiology |

*The titles of the *Laboratory Service* subaccounts were adapted from those used in *A Workload Recording Method for Clinical Laboratories*, prepared by the Laboratory Management and Planning Committee of the College of American Pathologists, second edition, 1972.

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|--------------------------------------|-----------------------------------|
| Revenue | Expense | | |
| Nursing and Other Professional Services— Revenue and Expense (Continued) | | | |
| 4021 | 7021 | 73 | Radioisotopes |
| 4022 | 7022 | 73 | Procurement and dispatch |
| 4023 | 7023 | 73 | Urine and feces |
| 4025 | 7025 | 73 | Blood bank |
| 4030 | 7030 | 73 | Electrodiagnosis |
| 4031 | 7031 | 73 | Electrocardiology |
| 4032 | 7032 | 74 | Electromyography |
| 4033 | 7033 | 74 | Electroencephalography |
| 4040 | 7040 | 74 | Radiology—Diagnostic |
| 4041 | 7041 | 74 | Angiocardiography |
| 4050 | 7050 | 74 | Radiology—Therapeutic |
| 4051 | 7051 | 74 | Chemotherapy |
| 4052 | 7052 | 74 | Radiation therapy |
| 4060 | 7060 | 75 | Nuclear Medicine |
| 4061 | 7061 | 75 | Nuclear medicine—diagnostic |
| 4062 | 7062 | 75 | Nuclear medicine—therapeutic |
| 4070 | 7070 | 75 | Pharmacy |
| 4080 | 7080 | 75 | Anesthesiology |
| 4090 | 7090 | 76 | Rehabilitation Service |
| 4091 | 7091 | 76 | Physical therapy |
| 4092 | 7092 | 76 | Occupational therapy |
| 4093 | 7093 | 76 | Speech pathology (speech therapy) |
| 4094 | 7094 | 76 | Recreational therapy |
| 4120 | 7120 | 76 | Clinic Services |
| 4121 | 7121 | 76, 77 | Medical-surgical clinic |
| 4122 | 7122 | 76, 77 | Eye, ear, nose, and throat clinic |
| 4123 | 7123 | 76, 77 | Urology clinic |
| 4124 | 7124 | 76, 77 | Obstetrics and gynecology clinic |
| 4125 | 7125 | 77 | Orthopedics clinic |
| 4126 | 7126 | 77 | Pediatrics clinic |
| 4127 | 7127 | 77 | Surgery clinic |
| 4128 | 7128 | 77 | Cardiology clinic |
| 4129 | 7129 | 77 | Physical medicine clinic |
| 4131 | 7131 | 77 | Psychiatric clinic |
| 4150 | 7150 | 77 | Home Health Care |

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|-----------------------------------|---|
| Revenue | Expense | | |
| Nursing and Other Professional Services— Revenue and Expense (Continued) | | | |
| 4151 | 7151 | 77 | Nursing service |
| 4161 | 7161 | 77 | Rehabilitation service |
| 4170 | 7170 | 77 | Social Services |
| | 7180 | 78 | Medical Record and Library Services |
| | 7181 | 78 | Medical records |
| | 7182 | 78 | Medical library services |
| Other Operating Revenues | | | |
| 5010 | | 78 | Other Operating Revenues |
| 5011 | | 78 | Transfers from restricted funds for research |
| 5021 | | 78 | Transfers from restricted funds for education |
| 5031 | | 78 | Transfers from restricted funds for other operating expenses |
| 5041 | | 79 | Tuition—school of nursing |
| 5042 | | 79 | Tuition—licensed vocational (practical) nursing |
| 5045 | | 79 | Tuition—paramedical education |
| 5051 | | 79 | Tuition—interns |
| 5055 | | 79 | Tuition—residents |
| 5061 | | 79 | Cafeteria |
| 5065 | | 79 | Laundry and/or linen services |
| 5071 | | 79 | Telephone and telegraph services |
| 5075 | | 79 | Parking |
| 5081 | | 79 | Television and radio rentals |
| 5085 | | 79 | Medical record and abstract fees |
| 5091 | | 79 | Sale of scrap and waste |
| 5095 | | 79 | Vending machine commissions (net) |
| 5151 | | 79 | Student housing |
| 5152 | | 79 | Employee housing |
| 5153 | | 79 | Nonpatient room rentals |
| 5155 | | 79 | Physicians' offices and other rentals |
| 5171 | | 80 | Cash discounts on purchases |
| 5175 | | 80 | Rebates and refunds from vendors |
| 5210 | | 80 | Services to Other Organizations |
| 5211 | | 80 | Purchasing |
| 5212 | | 80 | Janitorial services |
| 5213 | | 80 | Laundry and/or linen services |

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|--------------------------------------|--|
| Revenue | Expense | | |
| Other Operating Revenues (Continued) | | | |
| 5214 | | 80 | Education services |
| 5215 | | 80 | Management services |
| 5216 | | 80 | Data processing services |
| 5219 | | 80 | Other services |
| Deductions from Revenue | | | |
| 5510 | | 80 | Provision for Bad Debts |
| 5512 | | 80 | Inpatient |
| 5513 | | 80 | Outpatient—referral |
| 5514 | | 80 | Outpatient—clinic |
| 5520 | | 80 | Contractual Adjustments |
| 5521 | | 81 | Medicare |
| 5522 | | 81 | Medicaid |
| 5523 | | 81 | Other government program adjustments |
| 5524 | | 81 | Blue Cross |
| 5525 | | 81 | Other contractual adjustments |
| 5540 | | 81 | Charity Services |
| 5550 | | 82 | Other Deductions |
| 5551 | | 82 | Personnel adjustments |
| 5555 | | 82 | Administrative and policy adjustments |
| Other Services | | | |
| | 8010 | 82 | Research |
| | 8011 | 82 | Research administrative office |
| | 8012 | 82 | Hospital research projects |
| | 8013 | 82 | Joint research projects |
| | 8014 | 82 | Medical school research projects |
| | 8020 | 82 | Nonphysician Education |
| | 8021 | 82 | School of nursing— administrative office |
| | 8022 | 82 | Registered nurse program |
| | 8023 | 83 | Licensed vocational (practical) nurse program |
| | 8030 | 83 | Medical Staff Service and Education |
| | 8031 | 83 | Voluntary medical staff |
| | 8032 | 83 | Paid medical staff |
| | 8033 | 83 | Medical graduate education |

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|-----------------------------------|--|
| Revenue | Expense | | |
| Other Services (Continued) | | | |
| | 8034 | 83 | Interns |
| | 8035 | 83 | Residents |
| General Services | | | |
| | 8050 | 84 | Dietary Service |
| | 8051 | 84 | Kitchen |
| | 8052 | 85 | Patient food service |
| | 8053 | 85 | Cafeteria |
| | 8060 | 85 | Plant Operation and Maintenance Services |
| | 8061 | 85 | Plant maintenance |
| | 8062 | 86 | Carpentry |
| | 8063 | 86 | Plumbing |
| | 8064 | 86 | Painting |
| | 8065 | 86 | Electrical and refrigeration operations |
| | 8066 | 86 | Automotive services |
| | 8071 | 86 | Plant operation |
| | 8072 | 86 | Grounds |
| | 8073 | 86 | Boiler and power plant |
| | 8074 | 86 | Parking |
| | 8075 | 86 | Elevator operation |
| | 8076 | 86 | Security |
| | 8090 | 86 | Housekeeping Service |
| | 8110 | 87 | Laundry and Linen Service |
| | 8111 | 87 | Laundry service |
| | 8112 | 87 | Linen service |
| Fiscal and Administrative Services | | | |
| | 8210 | 87 | Fiscal Services |
| | 8211 | 87 | Fiscal services office |
| | 8212 | 87 | General accounting |
| | 8213 | 87 | Budget and costs |
| | 8214 | 87 | Payroll accounting |
| | 8215 | 87 | Accounts payable |
| | 8216 | 87 | Plant and equipment |
| | 8217 | 87 | Inventory accounting |
| | 8221 | 87 | Patient accounting |
| | 8231 | 88 | Data processing |

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|--------------------------------------|--|
| Revenue | Expense | | |
| Fiscal and Administrative Services (Continued) | | | |
| | 8241 | 88 | Admitting |
| | 8251 | 88 | Cashiering |
| | 8261 | 88 | Credit and collections |
| | 8310 | 89 | Administrative Services |
| | 8311 | 89 | Administrative office |
| | 8312 | 89 | Governing board |
| | 8313 | 89 | Auxiliary groups |
| | 8314 | 89 | Chaplaincy services |
| | 8315 | 89 | Public relations and development |
| | 8321 | 89 | Management engineering |
| | 8331 | 90 | Purchasing |
| | 8341 | 90 | Communications |
| | 8351 | 90 | Printing and duplicating |
| | 8361 | 90 | Receiving and stores |
| | 8371 | 90 | Personnel |
| | 8381 | 90 | Employee medical services |
| | 8410 | 91 | Medical Care Evaluation |
| Unassigned Expenses | | | |
| | 8510 | 91 | Depreciation, Leases, and Rentals |
| | 8511 | 91 | Depreciation and amortization— historical cost |
| | 8521 | 91 | Depreciation and amortization— price-level adjustment |
| | 8541 | 91 | Depreciation and amortization— gain or loss from disposal of assets |
| | 8561 | 91 | Leases and rentals |
| | 8610 | 91 | Insurance |
| | 8680 | 92 | Licenses and Taxes (other than income taxes) |
| | 8690 | 92 | Interest |
| | 8691 | 92 | Working capital interest |
| | 8695 | 92 | Other interest |
| | 8710 | 92 | Employee Benefits |
| | 8750 | 92 | Other Operating Expenses |
| | 8751 | 92 | Student housing |
| | 8752 | 92 | Employee housing |
| | 8755 | 92 | Physicians' offices and other rentals |
| | 8761 | 93 | Medical photography and illustration |

REVENUE AND EXPENSE ACCOUNTS (Continued)

| Account Number | | Account Description (Page No.) | Account Title |
|---|---------|--------------------------------------|--|
| Revenue | Expense | | |
| Nonoperating Revenues and Expenses | | | |
| 9030 | 9010 | 93 | Nonoperating Revenues and Expenses |
| | 9011 | 93 | Federal income tax—current |
| | 9015 | 93 | Federal income tax—deferred |
| | 9021 | 93 | State income tax—current |
| | 9026 | 93 | State income tax—deferred |
| 9041 | | 93 | General contributions |
| 9045 | | 93 | Donated services |
| 9047 | | 93 | Donated commodities |
| 9051 | | 93 | Income and gains from general fund investments |
| 9055 | | 93 | Unrestricted income from endowment funds |
| 9061 | | 93 | Unrestricted income from other restricted funds |
| 9065 | | 93 | Term endowment funds becoming unrestricted |

Balance Sheet Accounts

A BALANCE SHEET is an accounting statement that reflects, at a given date, the financial condition of a hospital in terms of its assets, liabilities, and capital. The control accounts needed for accumulation of information for balance sheet presentations are set forth in this chapter. Representative subsidiary accounts are also provided, but the number and type of specific subaccounts to be maintained under each of the control accounts will depend largely on the requirements of the individual hospital.

A matrix presentation of balance sheet accounts has been included to assist the reader in locating each specific type of account contained in the various funds. A brief explanation of the various major classifications of accounts and other pertinent information are included.

BALANCE SHEET ACCOUNTS

| Account Title | Restricted Funds | | | | |
|--|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Assets | | | | | |
| Cash | 1010.00 | 1410.00 | 1510.00 | 1610.00 | 1710.00 |
| General checking accounts | 1011.00 | 1411.00 | 1511.00 | 1611.00 | 1711.00 |
| Payroll checking accounts | 1012.00 | | | | |
| Other checking accounts | 1013.00 | | | | |
| Imprest cash funds | 1014.00 | | | | |
| Savings accounts | 1015.00 | 1415.00 | 1515.00 | 1615.00 | 1715.00 |
| Certificates of deposit | 1016.00 | 1416.00 | 1516.00 | 1616.00 | 1716.00 |
| <p>These cash accounts represent the amount of cash on deposit in banks that is immediately available for use in financing various fund activities, amounts of cash that are on hand for minor disbursements, and amounts of cash that are held in savings accounts and certificates of deposit.</p> | | | | | |
| Marketable Securities | 1020.00 | 1420.00 | 1520.00 | 1620.00 | 1720.00 |
| U.S. government securities | 1021.00 | 1421.00 | 1521.00 | 1621.00 | 1721.00 |
| Other current investments | 1022.00 | 1422.00 | 1522.00 | 1622.00 | 1722.00 |
| <p>Current securities, evidenced by certificates of ownership or indebtedness, should be recorded in these accounts.</p> | | | | | |
| Accounts and Notes Receivable | 1030.00 | | | | |
| Inpatient receivables— inhouse | 1031.00 | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|--|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Assets (Continued) | | | | | |
| Inpatient receivables— discharged—unbilled | 1032.00 | | | | |
| Inpatient receivables— discharged—billed—self-pay | 1033.00 | | | | |
| Inpatient receivables— discharged—billed— Blue Cross | 1034.00 | | | | |
| Inpatient receivables— discharged—billed— commercial insurance | 1035.00 | | | | |
| Inpatient receivables— discharged—billed— Workmen's Compensation | 1036.00 | | | | |
| Inpatient receivables— discharged—billed— Medicare | 1037.00 | | | | |
| Inpatient receivables— discharged—billed— Medicaid | 1038.00 | | | | |
| Inpatient receivables— discharged—billed—other | 1039.00 | | | | |
| Interim payment clearing account—Blue Cross | 1041.00 | | | | |
| P.I.P. (periodic interim payment) clearing account— Medicare | 1042.00 | | | | |
| Interim payment clearing account—Medicaid | 1043.00 | | | | |
| Outpatient receivables— unbilled | 1044.00 | | | | |
| Outpatient receivables— billed—self-pay | 1045.00 | | | | |
| Outpatient receivables— billed—Blue Cross | 1046.00 | | | | |
| Outpatient receivables— billed—commercial insurance | 1047.00 | | | | |
| Outpatient receivables— billed—Workmen's Compensation | 1048.00 | | | | |
| Outpatient receivables— billed—Medicare | 1049.00 | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Assets (Continued) | | | | | |
| Outpatient receivables— billed—Medicaid | 1051.00 | | | | |
| Outpatient receivables— billed—other | 1052.00 | | | | |
| Patient receivables— collection agency | 1053.00 | | | | |
| Notes receivable | 1055.00 | | | | |
| These accounts should reflect the amounts due from hospital patients and their third-party sponsors. | | | | | |
| Allowance for Uncollectible Receivables and Third-Party Contractuals | 1060.00 | | | | |
| Allowance for bad debts | 1061.00 | | | | |
| Allowance for contractual adjustments—Blue Cross | 1062.00 | | | | |
| Allowance for contractual adjustments—Medicare | 1063.00 | | | | |
| Allowance for contractual adjustments—Medicaid | 1064.00 | | | | |
| Allowance for contractual adjustments—other | 1065.00 | | | | |
| Allowance for other adjustments | 1066.00 | | | | |
| Allowance—collection agency | 1067.00 | | | | |
| These are valuation (or contra-asset) accounts. Credit balances represent the estimated amount of uncollectible receivables from patients and third-party payers. For detailed information on the computation of deductions from revenue, see the descriptions of the relevant revenue accounts on pages 80 through 82. | | | | | |
| Receivables from Third-Party Payers | 1070.00 | | | | |
| Other receivables— third-party cost report settlement—Medicare | 1071.00 | | | | |
| Other receivables— third-party cost report settlement—Medicaid | 1072.00 | | | | |
| Other receivables— third-party cost report settlement—other | 1073.00 | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|--|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Assets (Continued) | | | | | |
| The balances in these accounts reflect the amount due from third-party reimbursement programs based on cost reports submitted and/or audited. Subaccounts can be maintained for each year's settlement if more than one year's settlement is included in an account. | | | | | |
| Pledges and Other Receivables | 1080.00 | 1480.00 | 1580.00 | 1680.00 | 1780.00 |
| Pledges | 1081.00 | 1481.00 | 1581.00 | 1681.00 | 1781.00 |
| Allowance for uncollectible pledges | 1082.00 | 1482.00 | 1582.00 | 1682.00 | 1782.00 |
| Grants and legacies | 1083.00 | 1483.00 | 1583.00 | 1683.00 | 1783.00 |
| Accounts and notes receivable—staff, employees, and so forth | 1084.00 | | | | |
| Due from parent/subsidiary/affiliate | 1085.00 | | | | |
| Other receivables | 1086.00 | 1486.00 | 1586.00 | 1686.00 | 1786.00 |
| Due from Other Funds | 1090.00 | | 1590.00 | 1690.00 | 1790.00 |
| Due from general funds | | | 1591.00 | 1691.00 | 1791.00 |
| Due from plant replacement and expansion funds | 1092.00 | | | 1692.00 | 1792.00 |
| Due from specific-purpose funds | 1093.00 | | 1593.00 | | 1793.00 |
| Due from endowment funds | 1094.00 | | 1594.00 | 1694.00 | |
| The balances in these accounts reflect the amounts due to the general funds from restricted funds. These balances should not be construed as receivables because they do not represent external claims. Instead, these balances should be viewed as representing assets of the general funds that are currently accounted for as restricted funds. | | | | | |
| Inventory | 1110.00 | | | | |
| Inventory—general stores | 1111.00 | | | | |
| Inventory—pharmacy | 1112.00 | | | | |
| Inventory—central supply | 1113.00 | | | | |
| Inventory—dietary | 1114.00 | | | | |
| Inventory—plant operation and maintenance | 1115.00 | | | | |
| Inventory—other | 1119.00 | | | | |
| Balances in these accounts reflect the cost of unused hospital supplies. Perpetual inventory records should be maintained and adjusted periodically to show actual amounts of supplies on hand. These adjustments should be applied to the inven- | | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|-----------------------------------|--|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Assets (Continued) | | | | | |
| | tory accounts and distributed to the requisitioning cost centers. The extent of inventory control and detailed record keeping will depend on the size and organizational complexity of the hospital. | | | | |
| Prepaid Expenses | 1120.00 | | | | |
| Prepaid insurance | 1121.00 | | | | |
| Prepaid interest | 1122.00 | | | | |
| Prepaid rent | 1123.00 | | | | |
| Prepaid pension plan expense | 1124.00 | | | | |
| Prepaid taxes | 1125.00 | | | | |
| Prepaid service contracts | 1126.00 | | | | |
| Prepaid expenses—other | 1127.00 | | | | |
| Deposits | 1128.00 | | | | |
| Other current assets | 1129.00 | | | | |

These prepaid asset and other asset accounts represent costs incurred that are properly chargeable to a future accounting period. Other current assets not included elsewhere can be included in these accounts.

Property, Plant, and Equipment—Historical Cost

Land 1130.00

The balance in this account reflects the cost of land used in hospital operations. Included here are the costs of off-site sewer and water lines, public utility charges for servicing the land, government assessments for street paving and sewers, permanent roadways and grading of a nondepreciable nature, curbs and sidewalks whose replacement is not the responsibility of the hospital, and other land expenditures of a nondepreciable nature. Unlike buildings and equipment, land does not deteriorate with use or with the passage of time; therefore, no depreciation is accumulated.

Land Improvements 1140.00

All depreciable land expenditures for hospital operations are charged to this account. This includes the costs of on-site sewer and water lines; paving of roadways, parking lots, curbs, and sidewalks (if replacement is the responsibility of the hospital); and the cost of shrubbery, fences, and walls.

Buildings 1150.00

The original costs of all buildings and any subsequent addi-

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---|---|------------------|--------------------------------------|-----------------------|----------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund |
| | Operating | Board-Designated | | | |
| Property, Plant, and Equipment—Historical Cost (Continued) | | | | | |
| | <p>tions used in hospital operations are charged to this account. Included are architectural, consulting, and legal fees related to the acquisition or construction of buildings.</p> | | | | |
| Leasehold Improvements | 1160.00 | | | | |
| | <p>All expenditures for the depreciable improvement of leased land and buildings used in hospital operations are charged to this account.</p> | | | | |
| Fixed Equipment | 1170.00 | | | | |
| | <p>Expenditures for fixed equipment are charged to this account. The equipment should fulfill the following requirements:</p> <ul style="list-style-type: none"> • It should be affixed to the building and not be subject to transfer or removal. • It should be a depreciable asset with a life less than that of the building to which it is affixed. • It should be used in hospital operations. <p>Fixed equipment includes such items as boilers, generators, incinerators, elevators, engines, pumps, air conditioning systems, and refrigeration machinery.</p> | | | | |
| Major Movable Equipment | 1180.00 | | | | |
| | <p>Depreciable equipment charged to this account fulfills the following requirements:</p> <ul style="list-style-type: none"> • It should be movable, as distinguished from fixed equipment. • It should have sufficient individuality and size to make control by means of identification tags feasible. • It should usually have a minimum life of three years or more. • It should be used in hospital operations. <p>Major movable equipment includes such items as automobiles and trucks, desks, beds, chairs, accounting machines, operating tables, oxygen tents, and x-ray apparatus.</p> | | | | |
| Minor Equipment | 1190.00 | | | | |
| | <p>Equipment charged to this account is generally not depreciable and fulfills the following requirements:</p> <ul style="list-style-type: none"> • Its location is usually not fixed and it is subject to requisition or use by various departments of the hospital. • It should be of relatively small size. • It should be subject to storeroom control. • There should be a fairly large number of pieces in use. | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---------------|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |

Property, Plant, and Equipment—Historical Cost (Continued)

- It should usually have a useful life of three years or less.
- It should be used in hospital operations.

Minor equipment includes such items as wastebaskets, bed-pans, syringes, catheters, basins, glassware, silverware, pots and pans, mattresses, and surgical instruments. Each institution should develop capitalization perimeters, in consultation with its independent public accountants.

| | |
|--------------------------|---------|
| Construction in Progress | 1210.00 |
| Building | 1211.00 |
| Fixed equipment | 1212.00 |
| Movable equipment | 1213.00 |
| Fees | 1214.00 |
| Insurance | 1215.00 |
| Interest | 1216.00 |

The construction costs of uncompleted facilities that will be used for hospital operations should be charged to this account. Upon completion of the construction program, these accounts should be credited and the appropriate asset accounts debited.

| | |
|-------------------------|---------|
| Price-Level Increments | 1220.00 |
| Land | 1221.00 |
| Land improvements | 1222.00 |
| Buildings | 1223.00 |
| Leasehold improvements | 1224.00 |
| Fixed equipment | 1225.00 |
| Major movable equipment | 1226.00 |
| Minor equipment | 1227.00 |

These accounts are provided for use by those hospitals that have elected to relate the historical cost of fixed assets to the current price level. See chapter 2 for a detailed discussion of price-level accounting.

Accumulated Depreciation—Historical Cost

| | |
|-------------------------|---------|
| Land Improvements | 1240.00 |
| Buildings | 1250.00 |
| Leasehold Improvements | 1260.00 |
| Fixed Equipment | 1270.00 |
| Major Movable Equipment | 1280.00 |
| Minor Equipment | 1290.00 |

The balances of these accounts reflect the depreciation accumulated on the listed assets used in hospital operations.

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Accumulated Depreciation—Historical Cost (Continued) | | | | | |
| Price-Level Increments | 1310.00 | | | | |
| Land improvements | 1312.00 | | | | |
| Buildings | 1313.00 | | | | |
| Leasehold improvements | 1314.00 | | | | |
| Fixed equipment | 1315.00 | | | | |
| Major movable equipment | 1316.00 | | | | |
| Minor equipment | 1317.00 | | | | |

These accounts are provided for those hospitals that have elected to relate the historical cost of fixed assets to the current price level. Refer to chapter 2 for a detailed discussion of price-level accounting.

Deferred Charges and Other Assets

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Other Assets | 1330.00 | 1430.00 | 1530.00 | 1630.00 | 1730.00 |
| Investment in Nonoperating Property, Plant, and Equipment | 1340.00 | | | | 1740.00 |
| Accumulated Depreciation— Investments in Nonoperating Plant and Equipment | 1350.00 | | | | 1750.00 |

These accounts include the cost (or fair market value at date of donation) of property, plant, and equipment not used in hospital operations, and the accumulated depreciation on these assets. Other investments not included elsewhere can be included in these accounts.

| | | | | | |
|----------------------------|---------|--|--|--|---------|
| Other Intangible Assets | 1360.00 | | | | 1760.00 |
| Goodwill | 1361.00 | | | | 1761.00 |
| Unamortized borrowing cost | 1362.00 | | | | 1762.00 |

These accounts are used to record intangible assets such as goodwill and organization costs. If such intangibles are being amortized, the amortization may be directly credited to the asset account or accumulated in a subaccount.

Current Liabilities

| | |
|-------------------------------------|---------|
| Notes and Loans Payable | 2010.00 |
| Notes and loans payable— vendors | 2011.00 |
| Notes and loans payable— banks | 2012.00 |
| Other notes and loans payable | 2013.00 |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Liabilities (Continued) | | | | | |
| These accounts reflect liabilities of the hospital to vendors, banks, and other creditors, evidenced by promissory notes due and payable within one year. | | | | | |
| Accounts Payable | 2020.00 | | | | |
| Trade payables | 2021.00 | | | | |
| Other accounts payable | 2022.00 | | | | |
| The balances in these accounts reflect the amounts due to trade and other creditors for supplies and services purchased. | | | | | |
| Accrued Compensation and Related Liabilities | 2030.00 | | | | |
| Accrued payroll | 2031.00 | | | | |
| Accrued vacation, holiday, and sick pay | 2032.00 | | | | |
| Other accrued salaries and wages payable | 2033.00 | | | | |
| Federal income taxes withheld | 2035.00 | | | | |
| Social Security taxes withheld and accrued | 2036.00 | | | | |
| State income taxes withheld | 2037.00 | | | | |
| Unemployment taxes payable | 2041.00 | | | | |
| Accrued hospitalization insurance premiums | 2044.00 | | | | |
| Union dues payable | 2046.00 | | | | |
| Other payroll taxes and deductions payable | 2049.00 | | | | |
| The balances in these accounts reflect the actual or estimated liabilities of the hospital for salaries and wages payable and liability amounts related to payroll. | | | | | |
| Other Accrued Expenses | 2050.00 | | | | |
| Interest payable | 2051.00 | | | | |
| Rent payable | 2052.00 | | | | |
| Property taxes payable | 2053.00 | | | | |
| Fees payable—medical specialists | 2054.00 | | | | |
| Fees payable—other | 2055.00 | | | | |
| Other accrued expenses payable | 2056.00 | | | | |

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Liabilities (Continued) | | | | | |
| The balances in these accounts represent current liabilities that have accumulated at the end of the month or accounting period for those expenses for which no invoices or other billings have been received. | | | | | |
| Advances from Third-Party Payers | 2060.00 | | | | |
| Advances—Medicare | 2061.00 | | | | |
| Advances—other third-party payers | 2062.00 | | | | |
| Included in these accounts are liabilities to third-party payers for current financing and other types of advances due and payable within one year. Liabilities to third-party payers arising from reimbursement settlements are not to be included. Such liabilities must be included in the <i>Payable to Third-Party Payers</i> series of accounts (2070 to 2073). | | | | | |
| Payable to Third-Party Payers | 2070.00 | | | | |
| Reimbursement settlement due—Medicare | 2071.00 | | | | |
| Reimbursement settlement due—Medicaid | 2072.00 | | | | |
| Reimbursement settlement due—other | 2073.00 | | | | |
| These accounts reflect reimbursement settlements due to third-party payers. Separate subaccounts can be maintained for each year's settlements. | | | | | |
| Due to Other Funds | 2080.00 | 2480.00 | 2580.00 | 2680.00 | 2780.00 |
| Due to general funds | | 2481.00 | 2581.00 | 2681.00 | 2781.00 |
| Due to plant replacement and expansion fund | 2082.00 | 2482.00 | | 2682.00 | 2782.00 |
| Due to specific-purpose fund | 2083.00 | 2483.00 | 2583.00 | | 2783.00 |
| Due to endowment fund | 2084.00 | 2484.00 | 2584.00 | 2684.00 | |
| Liabilities to other funds are to be recorded in these accounts. These accounts should not be construed as payables because no external obligation exists. | | | | | |
| Income Taxes Payable | 2090.00 | | | | |
| Federal income taxes payable | 2091.00 | | | | |
| State income taxes payable | 2092.00 | | | | |

The amount of income taxes currently payable should be included in these accounts.

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|--|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Current Liabilities (Continued) | | | | | |
| Other Current Liabilities | 2110.00 | | | | |
| Deferred revenue—patient deposits | 2111.00 | | | | |
| Deferred tuition and fees | 2112.00 | | | | |
| Deferred revenue—other | 2113.00 | | | | |
| Dividends payable | 2114.00 | | | | |
| Bank overdrafts | 2115.00 | | | | |
| Due to parent/subsidiary/ affiliate | 2116.00 | | | | |
| Construction retention payable | 2117.00 | | | | |
| Construction contracts payable | 2118.00 | | | | |
| Other current liabilities | 2119.00 | | | | |

Deferred revenue is defined as revenue received or accrued that is applicable to services to be rendered within the next accounting period. Deferred revenue applicable to accounting periods extending beyond the next accounting period should be included under *Deferred Credits and Other Liabilities* (accounts 2120 to 2133). Any deferred revenue items previously classified as noncurrent liabilities that have become current should be included in this account.

Included in these accounts are unrestricted fund current liabilities for which special accounts have not been provided elsewhere.

Deferred Credits and Other Liabilities

| | |
|---|---------|
| Deferred Income Taxes | 2120.00 |
| Deferred taxes payable—state | 2121.00 |
| Deferred taxes payable— federal | 2122.00 |
| Deferred Third-Party Revenue | 2130.00 |
| Deferred revenue—Medicare | 2131.00 |
| Deferred revenue—Medicaid | 2132.00 |
| Deferred revenue—other third-party reimbursement | 2133.00 |

These accounts reflect the effects of any timing differences between book and tax or third-party reimbursement accounting.

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|-------------------------------|------------------|----------------------|--|------------------------------|-------------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific- Purpose Fund | Endowment Fund |
| | Operating | Board- Designated | | | |
| Long-Term Debt | | | | | |
| Mortgages Payable | 2150.00 | | | | 2750.00 |
| Construction Loans | 2160.00 | | | | |
| Notes under Revolving Credit | 2170.00 | | | | |
| Capitalized Lease Obligations | 2180.00 | | | | |
| Other | 2190.00 | | | | 2790.00 |

These accounts reflect those liabilities that have maturity dates extending more than one year beyond the current year-end.

Fund Balances**Not-for-Profit Hospitals**

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Fund Balances | 2210.00 | 2410.00 | 2510.00 | 2610.00 | 2710.00 |
| Fund balance | 2211.00 | 2411.00 | 2511.00 | 2611.00 | 2711.00 |
| Transfers from restricted funds for capital outlays | 2212.00 | 2412.00 | 2512.00 | 2612.00 | 2712.00 |
| Value of donated property, plant, and equipment | 2213.00 | 2413.00 | 2513.00 | 2613.00 | 2713.00 |
| Transfers to operating fund for operating purposes | | 2414.00 | 2514.00 | 2614.00 | 2714.00 |
| Price-level revaluation | 2215.00 | | | | |

General fund balances represent the difference between total general fund assets and total general fund liabilities, that is, the net assets of the general fund.

Separate subaccounts can be maintained within the fund balance for transfers from restricted funds for capital outlays and/or donated property, plant, and equipment. Additional subaccounts can be maintained if desired. The *Transfers from restricted funds for capital outlays* account should be credited for the cost of capital items purchased with money from the plant replacement and expansion fund. The fair market value at the date of donation of donated property, plant, and equipment should be credited to the *Value of donated property, plant, and equipment* account. At the end of the year these accounts should be closed out to the *Fund balance* account.

Permanent subaccounts can be maintained within the operating *Fund balance* account if the hospital's board of trustees desires to measure its responsibility for investment in terms of plant and equipment. These subaccount balances can also reflect the board's desire to fund depreciation. Another alternative would be for the board to express its responsibility by placing both the assets and fund balance accounts for plant and equipment into a board-designated fund.

BALANCE SHEET ACCOUNTS (Continued)

| Account Title | Restricted Funds | | | | |
|---------------|------------------|------------------|--------------------------------------|-----------------------|----------------|
| | General Funds | | Plant Replacement and Expansion Fund | Specific-Purpose Fund | Endowment Fund |
| | Operating | Board-Designated | | | |

Fund Balances (Continued)

Although fund balances for board-designated assets are accounted for in the operating fund balance section, an alternative treatment is to establish separate fund balance accounts in the 2300 series for measuring the new value of board-designated assets.

The credit balances of the restricted fund balance accounts represent the net amount of each restricted fund's assets that is available for its designated purpose. These accounts must be credited for all income earned on restricted-fund assets and for gains from the disposal of such assets and must be debited for all losses from disposal of such assets.

If, however, such items are treated as general fund income (considering legal requirements and donor intent), the restricted *Fund balance* account should be charged for such income and the *Due to general funds* account should be credited.

Investor-Owned Corporation

| | | | | |
|---|---------|---------|---------|---------|
| Stockholders' Equity | 2220.00 | | | |
| Preferred stock | 2221.00 | | | |
| Common stock | 2222.00 | | | |
| Retained earnings | 2223.00 | | | |
| Treasury stock | 2224.00 | | | |
| Restricted Fund Balances | | 2520.00 | 2620.00 | 2720.00 |
| Fund balance | | 2521.00 | 2621.00 | 2721.00 |
| Transfers from restricted funds for capital outlays | | 2522.00 | 2622.00 | 2722.00 |
| Transfers to operating fund for operating purposes | | 2523.00 | 2623.00 | 2723.00 |

The balances in these equity accounts reflect the difference between the total assets and the total liabilities of the investor-owned corporation.

Investor-Owned Partnership

| | | | | |
|---|---------|---------|---------|---------|
| Capital | 2230.00 | | | |
| Capital | 2231.00 | | | |
| Partner's draw | 2232.00 | | | |
| Restricted Fund Balances | | 2530.00 | 2630.00 | 2730.00 |
| Fund balance | | 2531.00 | 2631.00 | 2731.00 |
| Transfers from restricted funds for capital outlays | | 2532.00 | 2632.00 | 2732.00 |
| Transfers to operating fund for operating purposes | | 2533.00 | 2633.00 | 2733.00 |

The balances in these accounts represent the net assets of the partnership.

Revenue and Expense Accounts

The financial results of a hospital's operations during an accounting period are summarized in its statement of revenues and expenses. The data for this statement are accumulated in the operating, or nominal, accounts of revenue and expense. The expenses and revenues generated by each responsibility center should be matched to each other. The concept of matching the revenues and expenses of each responsibility center is emphasized in this chapter: each responsibility center is defined in terms of both revenues and expenses. Nonrevenue-producing centers are described without reference to revenue classifications.

REVENUE ACCOUNTS

Hospital revenue consists mainly of the value, at the hospital's full established rates, of all hospital services rendered to patients, regardless of the amounts actually paid to the hospital by or on behalf of patients. The objective of patient service revenue accounting should be to compile (1) a complete and accurate record, on the accrual basis, of gross revenue accumulated by revenue centers and by various inpatient and outpatient departments and services, and (2) a record of revenue deductions, classified by type. In many instances, the hospital receives less than its established rates, or nothing, for the services it renders. It is important to develop information that reflects both the potential total revenue and the revenue "losses" resulting from inability to collect payment at the rates established for the service provided.

Patient service revenues should be accumulated in the accounts in such a manner as to clearly identify these revenues with the responsible organizational units of the hospital. Measurements of the revenues produced by each revenue-producing unit or center are needed for comparison with the expenses incurred by the center, so that operating performance can be evaluated, planned, and controlled. The number of patient service revenue centers to be established by a particular hospital will depend on its size, its organizational structure, the range of services it provides, and the *monetary significance* of the revenue derived from each service.

In addition to patient service revenue, hospitals obtain revenue from sources and activities that are only indirectly related to patient care. These other revenues can include tuition revenue, unrestricted contributions, parking lot revenue, cafeteria sales, and so forth.

Regardless of the source of hospital revenue, it is important that it be accounted for on the accrual basis. This system of accounting requires that revenue be recognized and recorded in the accounts during the time period

in which it is earned, irrespective of the timing of the cash flow between the hospital and other parties. No other system provides the necessary qualities of completeness, accuracy, and usefulness in accounting data and the proper basis for matching revenues with expenses.

The revenue accounts in the chart of accounts presented in this manual are classified under three categories:

| | |
|--|--|
| Routine and Other Professional Services Revenue | This group of accounts (3000 to 4999) is used to record the gross revenues, based on the hospital's full established rates, earned from routine and other professional services rendered to patients. Such services include daily patient services and patient services provided by units other than nursing services. |
| Other Operating Revenue | This group of accounts (5000 to 5499) is used to record all operating revenues other than those directly associated with patient care. |
| Deductions from Patient Service Revenue | This group of accounts (5500 to 5999) is used to record reductions in gross revenue that result from charity service, contractual adjustments, administrative and policy adjustments, provision for bad debts, and other factors. |

Specific responsibility centers and their related revenue and expense accounts are discussed later in this chapter.

EXPENSE ACCOUNTS

Expenses are expired costs, that is, costs that have been consumed in carrying on an activity during the accounting period and from which no future measurable benefit will be obtained. Hospital expenses consist primarily of employee compensation, but use of supplies, utilities, repairs, insurance, depreciation, and other factors also produce substantial amounts of expense. The objective of expense accounting is to accumulate, on the accrual basis, complete and meaningful records of expenses in a manner that clearly associates them with responsibility centers within the hospital. In other words, expenses must be charged to the centers responsible for incurring them. Within each center a further classification of expenses should be made according to the natural classification through the use of the fourth and fifth digits in the numerical coding system.

| | |
|--|--|
| Nursing and Other Professional Services Expense | This group of accounts (6000 to 7999) is used to record the direct expenses incurred in providing nursing and other professional services to patients. For each <i>Routine and Other Professional Service</i> revenue responsibility center account, a corresponding <i>Nursing and Other Professional Service</i> expense responsibility center account is provided. Expense center accounts are also included for certain nonrevenue-producing expense centers associated with nursing and other professional activities. Comparisons of the revenue and direct expense associated with each nursing and other professional service center are facilitated by this system. |
| Other Service Expense Centers | This group of accounts (8000 to 8999) is used to record the direct expenses incurred by the research and education, general, fiscal, and administrative service responsibility centers. When cost-finding procedures are performed, the expenses charged to these centers are allocated to patient service expense centers to determine the full cost of providing each revenue-producing service. |

Revenue and Expense Accounts

The financial results of a hospital's operations during an accounting period are summarized in its statement of revenues and expenses. The data for this statement are accumulated in the operating, or nominal, accounts of revenue and expense. The expenses and revenues generated by each responsibility center should be matched to each other. The concept of matching the revenues and expenses of each responsibility center is emphasized in this chapter: each responsibility center is defined in terms of both revenues and expenses. Nonrevenue-producing centers are described without reference to revenue classifications.

REVENUE ACCOUNTS

Hospital revenue consists mainly of the value, at the hospital's full established rates, of all hospital services rendered to patients, regardless of the amounts actually paid to the hospital by or on behalf of patients. The objective of patient service revenue accounting should be to compile (1) a complete and accurate record, on the accrual basis, of gross revenue accumulated by revenue centers and by various inpatient and outpatient departments and services, and (2) a record of revenue deductions, classified by type. In many instances, the hospital receives less than its established rates, or nothing, for the services it renders. It is important to develop information that reflects both the potential total revenue and the revenue "losses" resulting from inability to collect payment at the rates established for the service provided.

Patient service revenues should be accumulated in the accounts in such a manner as to clearly identify these revenues with the responsible organizational units of the hospital. Measurements of the revenues produced by each revenue-producing unit or center are needed for comparison with the expenses incurred by the center, so that operating performance can be evaluated, planned, and controlled. The number of patient service revenue centers to be established by a particular hospital will depend on its size, its organizational structure, the range of services it provides, and the *monetary significance* of the revenue derived from each service.

In addition to patient service revenue, hospitals obtain revenue from sources and activities that are only indirectly related to patient care. These other revenues can include tuition revenue, unrestricted contributions, parking lot revenue, cafeteria sales, and so forth.

Regardless of the source of hospital revenue, it is important that it be accounted for on the accrual basis. This system of accounting requires that revenue be recognized and recorded in the accounts during the time period

in which it is earned, irrespective of the timing of the cash flow between the hospital and other parties. No other system provides the necessary qualities of completeness, accuracy, and usefulness in accounting data and the proper basis for matching revenues with expenses.

The revenue accounts in the chart of accounts presented in this manual are classified under three categories:

| | |
|--|--|
| Routine and Other Professional Services Revenue | This group of accounts (3000 to 4999) is used to record the gross revenues, based on the hospital's full established rates, earned from routine and other professional services rendered to patients. Such services include daily patient services and patient services provided by units other than nursing services. |
| Other Operating Revenue | This group of accounts (5000 to 5499) is used to record all operating revenues other than those directly associated with patient care. |
| Deductions from Patient Service Revenue | This group of accounts (5500 to 5999) is used to record reductions in gross revenue that result from charity service, contractual adjustments, administrative and policy adjustments, provision for bad debts, and other factors. |

Specific responsibility centers and their related revenue and expense accounts are discussed later in this chapter.

EXPENSE ACCOUNTS

Expenses are expired costs, that is, costs that have been consumed in carrying on an activity during the accounting period and from which no future measurable benefit will be obtained. Hospital expenses consist primarily of employee compensation, but use of supplies, utilities, repairs, insurance, depreciation, and other factors also produce substantial amounts of expense. The objective of expense accounting is to accumulate, on the accrual basis, complete and meaningful records of expenses in a manner that clearly associates them with responsibility centers within the hospital. In other words, expenses must be charged to the centers responsible for incurring them. Within each center a further classification of expenses should be made according to the natural classification through the use of the fourth and fifth digits in the numerical coding system.

| | |
|--|--|
| Nursing and Other Professional Services Expense | This group of accounts (6000 to 7999) is used to record the direct expenses incurred in providing nursing and other professional services to patients. For each <i>Routine and Other Professional Service</i> revenue responsibility center account, a corresponding <i>Nursing and Other Professional Service</i> expense responsibility center account is provided. Expense center accounts are also included for certain nonrevenue-producing expense centers associated with nursing and other professional activities. Comparisons of the revenue and direct expense associated with each nursing and other professional service center are facilitated by this system. |
| Other Service Expense Centers | This group of accounts (8000 to 8999) is used to record the direct expenses incurred by the research and education, general, fiscal, and administrative service responsibility centers. When cost-finding procedures are performed, the expenses charged to these centers are allocated to patient service expense centers to determine the full cost of providing each revenue-producing service. |

NONOPERATING REVENUE AND EXPENSE

This group of accounts (9000 to 9999) is used to record direct revenue and expense received or incurred from nonhospital operations.

As noted earlier, uniformity in hospital accounting is desirable. However, all hospitals need not maintain accounts identical to those set forth in this manual. Some revenue and expense accounts, for example, might need to be subdivided for use in larger hospitals or combined for use in smaller hospitals. Many hospitals do not have all the operating departments listed in the chart; other hospitals might have departments that are not included in the chart.

In recording revenue and expense, it is essential that the concept of responsibility accounting be recognized. The authority to incur expense must include the responsibility for being held accountable for it. Whenever it is practical, revenue and expense must be charged to the responsibility centers that received or incurred them. An employee's salary or wages must be charged to the responsibility center that is served by the employee. Supplies must be charged to the responsibility center by which they are requisitioned and/or used. All other expenses must be charged to the responsibility center that incurs them. In some cases, this may require the assignment of an expense to two or more responsibility centers. For example, a salaried employee might work in two different centers. He might spend 25 percent of his time in Center A and 75 percent of his time in Center B. When his salary is recorded, 25 percent of it should be charged to Center A and the remainder should be charged to Center B.

Natural Classification of Expenses

This chart of accounts includes a natural classification of expenses, outlined on pages 30 and 31, that should be used in subaccounts under each responsibility center account. The first four digits of an expense account number identify the responsibility center. The two subsequent digits identify the type of expense by natural expense classification. A decimal point or dash can be placed between the fourth and fifth digits to separate the responsibility center classification from the natural expense classification. Account 7070.46, for example, is the account for *Pharmacy—office and administrative supplies*.

In the following discussion of the natural expense classifications, the digits presented are those that appear to the right of the decimal point or the dash that separates the identification of the responsibility center from the identification of the natural expense classification. Two digits are presented for use in the natural classification of expenses; however, some hospitals that require less detail might use only the major classification numbers, whereas other hospitals that require more detail might add additional classifications and/or another digit.

In order to maintain the integrity of the natural classifications, all transfers of direct expenses between expense centers should be debited and credited to the appropriate natural classification within the departmental expense accounts. This is the same procedure that would be followed if an initial charge were incorrect and the entry was then deleted and the correct expense center was charged. Examples of such expenses include those related to pharmacy and central service floor stock items.

.00 Salaries and Wages

If hospital 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 should be maintained. This requires that the hospital establish a record of paid man-hours for all personnel whose compensation is included on the payroll, including exempt personnel. These man-hour records should 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, and so forth. Nonworked man-hours should include paid vacations, holidays, sick pay, military leave, educational leave, bereavement or funeral leave, jury duty, 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 calculat-

ing the payroll so that the regular pay rate can be used instead of the overtime rate.

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 hospital, and (2) the fair market value of services donated to the hospital 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 hospital activities. Usually included here are job titles such as president, chief executive officer, administrator, manager, department head, supervisor, director, and foreman. These employees are exempt from federal wage and hour laws.

.02 Technicians and specialists

Employees included in this classification usually perform activities of a creative or complex nature. Included are such job titles as coordinator, chef, carpenter, plumber, programmer, technologist, technician, therapist, instructor, 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.

.03 Registered nurses

This classification includes only registered nurses employed for providing direct nursing care to patients. Registered nurses performing supervisory functions must be classified as management (.01). Registered nurses functioning as instructors and coordinators must be classified as technicians (.02).

.04 Licensed vocational (practical) nurses

This classification includes licensed vocational nurses and licensed practical nurses employed for providing direct nursing care to patients. Licensed vocational and practical nurses not providing direct patient care should be

classified as technicians (.02). Employees in this classification are subject to federal wage and hour laws.

.05 Aides and orderlies

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 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, and washperson.

.08 Physicians

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

.09 Nonphysician medical practitioners

Employees included in this classification are employed for consulting, diagnosing, and prescribing and providing treatment for patients under the direction of a physician. Included are such job titles as nurse practitioner, physician's assistant, and clinical specialist.

.10 Vacation, holiday, and sick pay and other nonworked compensation

This classification should be charged with all compensation for time not worked. Included are vacation pay, holiday pay, sick pay, military leave, funerals, education, and so forth. (Time allowed and paid for coffee breaks, lunch breaks, and in-service education is considered to be worked time.)

.15 Employee Benefits

Responsibility center supervisors have little or no control over most employee benefits; hence in many institutions no direct charges for employee benefits are made to departmental expense centers. The costs of such benefits are charged to account 8710, *Employee Benefits*. In some institutions, however, these costs are charged to the department as direct costs.

- .16 F.I.C.A.
- .17 State unemployment insurance and federal unemployment insurance
- .18 Group health insurance
- .19 Pension and retirement
- .20 Workmen's Compensation insurance
- .21 Group life insurance
- .25 Professional Fees—Medical
- .27 Physicians' remuneration

Include in this classification all fees paid to physicians for patient care and supervisory activities.

- .28 Therapists and others (nonphysician)
- .30 Other Professional Fees
- .31 Consulting and management services
- .32 Legal services
- .33 Auditing services
- .35
- to Supplies and Materials, Special Departmental
- .44

Accounts .35 through .44 should be used to record the costs of specialized departmental supplies and materials that are unique and are indigenous to a particular department. Some examples are food in the Dietary department, film in the Radiology department, reagents in the Laboratory, and so forth.

.45 General Supplies

The following accounts are provided to record the cost of supplies and materials that are common to many departments.

- .46 Office and administrative supplies
- .47 Employee wearing apparel
- .48 Instruments and minor medical equipment (nondepreciable)
- .49 Minor equipment (nondepreciable)
- .50 Other supplies and materials
- .54 Purchased Services

These accounts are provided to record the costs of purchased services. For instance, if the laboratory function is purchased outside the hospital, the expense would be charged to classification .55, *Medical—purchased services*, in the laboratory expense center. The *Medical school contracts* natural classification would appear only in the education expense centers.

- .55 Medical—purchased services
- .56 Repairs and maintenance—purchased services
- .57 Medical school contracts—purchased services
- .58 Management services
- .59 Collection services
- .60 Other purchased services
- .65 Other Direct Expenses

Accounts .66 to .77 enable the hospital to assign depreciation and rental as direct costs to each department or to accumulate these costs in summary form in accounts 8511, 8521, and 8561 as appropriate.

- .66 Depreciation and amortization—land improvements
- .67 Depreciation and amortization—buildings and improvements
- .68 Depreciation and amortization—leasehold improvements
- .69 Depreciation and amortization—fixed equipment
- .70 Depreciation and amortization—movable equipment
- .74 Rental or lease—land
- .75 Rental or lease—buildings
- .76 Rental or lease—fixed equipment
- .77 Rental or lease—movable equipment
- .78 Utilities—electricity
- .79 Utilities—gas
- .80 Utilities—water
- .81 Utilities—oil
- .82 Other utilities
- .84 Insurance—professional liability
- .85 Insurance—other
- .87 Licenses and taxes (other than income taxes)
- .88 Telephone and telegraph
- .89 Dues and subscriptions
- .91 Outside training sessions
- .92 Travel
- .93 Other direct expenses

REVENUE AND EXPENSE ACCOUNTS

| | |
|-----------------------|---------|
| <u>Account Number</u> | |
| Revenue | Expense |

Nursing and Other Professional Services Revenue and Expense

6010 Nursing Administration

Nursing administration is responsible for the administration and supervision of the nursing function in the hospital, including all nursing in-service training; scheduling and transferring of nurses between services and units; and nursing staff supervision, evaluation, and discipline. This account can be further subdivided as indicated below.

This responsibility center should be charged with the direct expenses associated with nursing administration and nursing in-service education. These direct expenses include: salaries and wages, professional fees, supplies, purchased services, outside training sessions, other direct expenses, and transfers. Salaries of supervisors assigned to specific expense centers should be included in those expense center accounts on a direct assignment basis; however, the salaries of supervisors of *two or more* specific nurses' stations should be included in this account.

- 6011 Nursing—administration
- 6012 Nursing—in-service education
- 6013 Float nursing personnel

The hours worked and the salaries and wages paid to float personnel should be recorded in the responsibility center account representing the area in which they work. These expenses can be recorded directly or can be originally recorded in a float personnel expense center account and distributed to appropriate expense center accounts according to hours worked. If the latter method is used, all salaries and wages of float personnel must be transferred out of the *Float nursing personnel* responsibility center account. Any idle employee time should be allocated in the same ratio as actual hours worked; after each monthly allocation, the balance in this account should be zero. Scheduling and other administrative functions relating to float personnel are considered to be costs of nursing administration.

Subaccounts under the natural classification for this expense center should be established for labor costs only.

6014 Central transportation

Central transportation includes the transporting of patients and/or materials between areas in and around the hospital. It does not include the transportation of patients to or from the hospital.

This responsibility center should be charged only with the direct labor expense incurred in operating a central transportation service. *This account is an interim account only; these costs should be transferred to the appropriate nursing service responsibility center accounts each month on the basis of man-hours assigned to nursing units.*

Subaccounts under the natural classification for this temporary expense center should be established for labor costs only.

| <u>Account Number</u> | | |
|-----------------------|----------------|--|
| <u>Revenue</u> | <u>Expense</u> | |
| 3020 | 6020 | Nurses' Stations—Medical and Surgical Acute |
| 3021 | 6021 | Designated medical and surgical acute care units |
| to | to | Medical and surgical acute care units (which can be further subdivided into |
| 3049 | 6049 | nurses' stations designated by location, patient classification, and/or service) provide nursing care to patients on the basis of physicians' orders and approved nursing care plans. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to medical and surgical patients. |
| 3050 | 6050 | Pediatric Acute |
| | | Pediatric acute units provide nursing care to pediatric patients in pediatric acute nursing units on the basis of physicians' orders and approved nursing care plans. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to pediatric patients. |
| 3060 | 6060 | Psychiatric Acute |
| | | Psychiatric acute care units provide nursing care to patients admitted for diagnosis and/or treatment on the basis of physicians' orders and approved nursing care plans. These units are staffed with nursing personnel specially trained to care for the mentally ill. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order. |

| <u>Account Number</u> | | |
|-----------------------|----------------|--|
| <u>Revenue</u> | <u>Expense</u> | |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to psychiatric patients. |
| 3070 | 6070 | Other Adult and Pediatric Acute |
| 3071 | 6071 | Detoxification unit(s) |
| 3072 | 6072 | Communicable disease unit(s) |
| | | These specialized acute care responsibility centers can be established when they are formally organized and staffed inside the hospital. |
| 3080 | 6080 | Obstetric (Gynecologic) Acute |
| | | Provision of nursing care to mothers following delivery is provided in the obstetric acute care unit on the basis of physicians' orders and approved nursing care plans. This unit can also provide care for noninfectious gynecology patients when this practice is allowed by state law and provided for in the medical staff rules and regulations. Additional activities can include, but are not limited to: instructing mothers in postnatal self-care and care of the newborn; feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians in changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to obstetric (gynecologic) patients. |
| 3090 | 6090 | Newborn Nursery Acute |
| | | Daily nursing care for newborn infants is provided in nursery units on the basis of physicians' orders and approved nursing care plans. Additional activities can include, but are not limited to: feeding infants; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings or assisting physicians in changing dressings and cleansing wounds and incisions; bathing infants; observing patients for reactions to drugs; and administering specified medication. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to nursery patients. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth. |
| 3095 | 6095 | Premature units |
| | | Daily nursing care for premature infants is provided in these nursery units on the basis of physicians' orders and approved nursing care plans. Additional activities can include, but are not limited to: feeding infants; col- |

| <u>Account Number</u> | |
|-----------------------|----------------|
| <u>Revenue</u> | <u>Expense</u> |

lecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings or assisting physicians in changing dressings and cleansing wounds and incisions; bathing infants; observing patients for reactions to drugs; and administering specified medication.

This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to premature nursery patients.

3120 6120 Intensive Care

3121 6121 Medical-surgical intensive care unit(s)

A medical-surgical intensive care unit provides patient care of a more intensive nature than that provided to the usual medical, surgical, and pediatric patients. The unit is staffed with specially trained nursing personnel and contains monitoring and specialized support equipment for treatment of patients who, because of shock, trauma, or other life-threatening conditions, require intensified, comprehensive observation and care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing intensive daily bedside nursing care to medical-surgical intensive care patients.

3122 6122 Pediatric intensive care unit(s)

A pediatric intensive care unit provides nursing care to patients classified as pediatric patients that is of a more intensive nature than that usually provided to pediatric patients. The units are staffed with specially trained personnel and contain monitoring and specialized support equipment for treatment of patients who, because of shock, trauma, or other life-threatening conditions, require intensified, comprehensive observation and care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients'

| Account Number | |
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| Revenue | Expense |

call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses generated in providing daily bedside nursing care to pediatric intensive care patients.

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| 3123 | 6123 | Neonatal intensive care unit(s) |
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A neonatal intensive care unit provides care to newborn infants that is of a more intensive nature than nursing care provided in newborn acute units. Care is provided on the basis of physicians' orders and approved nursing care plans. The units are staffed with specially trained nursing personnel and contain specialized support equipment for treatment of those newborn infants who require intensified, comprehensive observation and care. Additional activities can include, but are not limited to: feeding infants; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings or assisting physicians in changing dressings and cleansing wounds and incisions; bathing infants; observing patients for reactions to drugs; and administering specified medication.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to neonatal patients.

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| 3124 | 6124 | Definitive observation intensive care unit(s) |
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Definitive observation units provide nursing care to patients who are less acutely ill than those requiring admission to medical-surgical intensive care or cardiac care units but who are more acutely ill than those patients requiring admission to a general medical or surgical care unit. The unit is staffed with specially trained nursing personnel and contains monitoring and observation equipment for intensified, comprehensive observation and care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to definitive observation patients.

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| 3125 | 6125 | Psychiatric (isolation) intensive care unit(s) |
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Psychiatric isolation units provide nursing care to psychiatric patients that is of a more intensive nature than the usual nursing care provided in

Account Number
 Revenue Expense

medical, surgical, and psychiatric units. The units are staffed with specially trained nursing personnel and contain monitoring and specialized support equipment for patients who, because of shock, trauma, or other life-threatening conditions, require intensified, comprehensive observation and care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to psychiatric isolation patients.

3130 6130 Burn Care

A burn care unit provides nursing care to severely burned patients that is of a more intensive nature than the usual acute nursing care provided in medical and surgical units. Burn units are staffed with specially trained nursing personnel and contain specialized support equipment for burn patients who require intensified, comprehensive observation and care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to intensive care burn patients.

3140 6140 Cardiac Care
 3141 6141 Myocardial infarction unit(s)
 3142 6142 Pulmonary care unit(s)
 3143 6143 Heart transplant unit(s)

The delivery of nursing care of a more specialized nature than that usually provided to medical, surgical, and pediatric patients is provided in the cardiac care unit (which can be further subdivided into specialized units as indicated above). The unit is staffed with specially trained nursing personnel and contains monitoring and specialized support or treatment equipment for patients who, because of heart seizure or other life-threatening conditions, require intensified, comprehensive observation and care.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing intensive daily bedside nursing care to cardiac care patients.

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| 3150 | 6150 | Extended (Long-Term) and Other Care |
| 3151 | 6151 | Skilled nursing unit(s) |
| 3152 | 6152 | Rehabilitation unit(s) |

This responsibility center provides nursing care to patients who require convalescent rehabilitative and/or restorative services at a level less intensive than that of medical, surgical, or pediatric acute care. These services are provided on the basis of physicians' orders and approved nursing care plans. Additional subaccounts, as indicated above, can be established for specific types of care. Additional activities can include, but are not limited to: serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; answering patients' call signals; and keeping patients' rooms (that is, their personal effects) in order.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to patients requiring extended skilled nursing care usually lasting 30 days or more.

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| 3153 | 6153 | Long-term psychiatric unit(s) |
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Medical care, nursing services, and intensive supervision of chronically mentally ill, mentally disordered, or other mentally incompetent persons are rendered in the long-term psychiatric unit.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing daily bedside nursing care to long-term psychiatric patients.

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| 3154 | 6154 | Residential unit(s) |
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Residential care is the provision of safe, hygienic, sheltered living for residents not capable of fully independent living. Regular and frequent, but not continuous, medical and nursing services are provided.

| Account Number | | |
|----------------|---------|--|
| Revenue | Expense | |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing nursing care to residential care patients. |
| 3156 | 6156 | <p>Self-care unit(s)</p> <p>Self-care units provide supportive, restorative, and preventive health care for ambulatory patients who are capable of caring for themselves under the supervision of a professional nurse. The unit is used by recovering patients who are making the transition to discharge or by patients who are undergoing tests and medical evaluation who require a minimal amount of nursing supervision. These patients generally eat in a central dining facility and do not require bedside nursing care.</p> <p>This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing nursing care to intermediate or self-care patients.</p> |
| 3160 | 6160 | <p>Hemodialysis</p> <p>Hemodialysis is the purification of the patient's blood through use of an artificial kidney machine or similar device. Additional activities can include, but are not limited to: wheeling portable equipment to patients' bedsides; explaining procedures to patients; operating hemodialysis equipment; and inspecting, testing, and maintaining special equipment.</p> <p>This responsibility center should be credited or charged with all the direct revenues and expenses incurred by the hemodialysis department.</p> |
| 3170 | 6170 | Respiratory Services |
| 3171 | 6171 | <p>Respiratory therapy</p> <p>Respiratory therapy consists of the administration of oxygen and certain potent drugs through inhalation or positive pressure and provision of other forms of rehabilitative therapy as prescribed by physicians. This function is performed by specially trained personnel who initiate, monitor, and evaluate patient reactions to therapy.</p> |
| 3172 | 6172 | <p>Pulmonary function testing</p> <p>Pulmonary function testing evaluates patients' ability to exchange oxygen and other gases, through measurement of inhaled and exhaled gases and analysis of blood. This function is performed by specially trained personnel who initiate, monitor, and evaluate patient performance, cooperation, and ability during the testing procedure.</p> <p>This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing respiratory services.</p> |
| 3190 | 6190 | Labor and Delivery Services |
| 3191 | 6191 | Labor room(s) |
| 3192 | 6192 | Delivery room(s) |
| | | Included in this responsibility center are the labor and delivery services provided by specially trained nursing personnel to patients, including prenatal care during labor, assistance during delivery, postnatal care in the recovery room, and minor gynecologic procedures if they are performed |

Account Number
Revenue Expense

in the delivery suite. A further subdivision can be established as indicated on page 70. Additional activities can include, but are not limited to: comforting patients who are in the labor, delivery, and recovery rooms; using aseptic techniques; preparing for deliveries; cleaning up after deliveries to the extent of preparing used linen, gloves, instruments, utensils, equipment, and waste for pickup and disposal; arranging sterile setup for deliveries; preparing patients for transportation to the delivery and recovery rooms; enforcing safety rules and standards; and monitoring patients while they are in the recovery room.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing labor and delivery services to patients.

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| 3210 | 6210 | Surgical Services |
| 3211 | 6211 | General surgery |
| 3212 | 6212 | Organ transplants |
| 3213 | 6213 | Open-heart surgery |
| 3214 | 6214 | Neurosurgery |
| 3215 | 6215 | Orthopedic surgery |
| 3216 | 6216 | Minor surgery |
| 3217 | 6217 | Surgical day care (mini-surgery) |
| 3218 | 6218 | Recovery room(s) |

Surgical services (which can be further subdivided as indicated above) are provided to patients by specially trained nursing personnel who assist physicians in the performance of surgical and related procedures during and immediately following surgery. Additional activities can include, but are not limited to: comforting patients who are in the operating room; maintaining aseptic conditions; scheduling surgical procedures in conjunction with surgeons; assisting surgeons during surgical procedures; preparing for surgical procedures; cleaning up after surgical procedures to the extent of preparing used linen, gloves, instruments, utensils, equipment, and waste for pickup and disposal; assisting in preparing patients for surgery; inspecting, testing, and maintaining special equipment related to this function; preparing patients for transportation to the recovery room; counting sponges, needles, and instruments used during surgical procedures; enforcing safety rules and standards; and monitoring patients while they are recovering from anesthesia.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing surgical services to patients.

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|------|------|----------------------|
| 3230 | 6230 | Emergency Services |
| 3231 | 6231 | Emergency department |

The emergency department provides emergency treatment, usually on an unscheduled basis, to the ill and injured who require immediate medical or surgical care. The department also provides minor procedures on an inpatient basis. Additional activities can include, but are not limited to: comforting patients, maintaining aseptic conditions, assisting physicians in performance of emergency care, monitoring vital life signs, applying

| <u>Account Number</u> | |
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| <u>Revenue</u> | <u>Expense</u> |

bandages or assisting physicians in applying bandages, coordinating the scheduling of patients through required professional service functions, and completing patient records.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing emergency treatment to the ill and injured.

3232

6232

Ambulance service

This responsibility center provides ambulance service, usually on an un-scheduled basis, to the ill and injured who require immediate medical attention. Additional activities can include, but are not limited to: lifting patients into and out of an ambulance, transporting patients to and from the hospital, and providing first-aid treatment administered by a physician or a physician's assistant prior to arrival at the hospital.

This responsibility center should be credited or charged with the direct revenues and expenses incurred in providing ambulance service to the ill and injured.

3250

6250

Central Services

3251

6251

Central services

3252

6252

Central sterile supply

The central services department prepares and issues medical and surgical supplies and equipment to patients and to hospital expense centers. A further subdivision of this account can be established as indicated above. Additional activities can include, but are not limited to: requisitioning and issuing appropriate supply items that are required for patient care; preparing sterile irrigating solutions; collecting, assembling, sterilizing, and redistributing reusable items; and cleaning, assembling, maintaining, and issuing portable apparatus.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in preparing and issuing medical and surgical supplies and other equipment to patients. Appropriate sub-accounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, professional fees, supplies, purchased services, other direct expenses, and transfers. The invoice cost of supplies and equipment that are not billed to patients and are issued to other responsibility centers should be transferred to the accounts of the consuming responsibility centers on a monthly basis. If a central materials management department combining the functions of purchasing, stores, and central services and supplies is maintained, the costs of that department should be reclassified to central services and supplies and to purchasing on a monthly basis.

4010

7010

Laboratory Services

4011

7011

Chemistry

4012

7012

Hematology

4013

7013

Histology

4016

7016

Autopsy

4017

7017

Special procedures

| Account Number | |
|----------------|---------|
| Revenue | Expense |

| | | |
|------|------|--------------------------|
| 4018 | 7018 | Immunology |
| 4019 | 7019 | Microbiology |
| 4021 | 7021 | Radioisotopes |
| 4022 | 7022 | Procurement and dispatch |
| 4023 | 7023 | Urine and feces |

The laboratory service performs diagnostic and routine laboratory tests; this account can be subdivided as indicated above. Additional activities can include, but are not limited to: mortuary operation, autopsy, transportation of specimens from nursing floors and operating rooms, care of laboratory animals and equipment, maintenance of quality control standards, and preparation of samples for testing.

These responsibility centers should be credited or charged with all the direct revenues and expenses incurred in the performance of diagnostic and routine tests on tissues and cultures.

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| 4025 | 7025 | Blood bank |
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The blood bank procures, receives, and stores a supply of whole blood and blood derivatives. Additional activities can include, but are not limited to: processing and issuing whole blood derivatives, producing blood derivatives from whole blood, and recruiting donors and collecting blood.

This responsibility center should be charged with the direct revenues and expenses incurred in maintaining a separate blood bank within the hospital. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth. Do not include under this expense center the expenses incurred in performing tests on blood, that is, crossmatching, typing, and so forth. These costs should be charged to account 7010, *Laboratory Services*.

When blood is purchased, its cost (including Red Cross and similar administrative fees) is the amount paid. When blood is donated, its cost is its fair market value at the date of donation; this should be recorded as an offsetting credit in account 9047, *Donated commodities*. The cost of blood (amount paid for it or its fair market value) is charged to blood bank expense or to an inventory account if applicable. This cost is not debited to revenue or cleared through an agency account.

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|------|------|-------------------|
| 4030 | 7030 | Electrodiagnosis |
| 4031 | 7031 | Electrocardiology |

This department operates specialized equipment that records electromotive variations in the movements of the heart on an electrocardiograph to facilitate diagnosis of heart disease. Additional activities can include, but are not limited to: wheeling portable equipment to patients' bedsides; explaining test procedures to patients; operating electrocardiograph equipment; inspecting, testing, and maintaining special equipment; and attaching electrodes to and removing them from patients.

This responsibility center should be credited or charged with all the

| Account Number | | |
|----------------|---------|---|
| Revenue | Expense | |
| | | direct revenues and expenses incurred in performing electrocardiographic examinations. |
| 4032 | 7032 | Electromyography |
| | | This department operates specialized equipment that records electrical potential variations in muscles on an electromyograph to facilitate diagnosis of muscular and nervous disorders. Additional activities can include, but are not limited to: wheeling portable equipment to patients' bedsides; explaining test procedures to patients; operating electromyograph equipment; inspecting, testing, and maintaining special equipment; and attaching electrodes to and removing them from patients. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing electromyographic services. |
| 4033 | 7033 | Electroencephalography |
| | | This department operates specialized equipment that records electromotive variations in brain waves on an electroencephalograph for use in diagnosis. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses incurred in performing electroencephalographic examinations. |
| 4040 | 7040 | Radiology—Diagnostic |
| 4041 | 7041 | Angiocardiography |
| | | This department provides diagnostic radiology services under the direction of a qualified radiologist as required for the examination and care of patients. A further subdivision can be made as indicated above. Diagnostic radiology services include taking, processing, examining, and interpreting radiographs and fluorographs. Additional activities can include, but are not limited to: consultation with patients and attending physicians, radioactive waste disposal, and storage of radioactive materials. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing diagnostic radiology services. |
| 4050 | 7050 | Radiology—Therapeutic |
| 4051 | 7051 | Chemotherapy |
| 4052 | 7052 | Radiation therapy |
| | | This department provides therapeutic radiology services under the direction of a qualified radiologist as required for the care and treatment of patients. Further subdivisions can be made as indicated above. Therapeutic radiology services include therapy using radium and radioactive substances. Additional activities can include, but are not limited to: consultation with patients and attending physicians, radioactive waste disposal, and storage of radioactive materials. |
| | | This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing therapeutic radiology services. |

| Account Number | |
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| Revenue | Expense |

| | | |
|------|------|------------------------------|
| 4060 | 7060 | Nuclear Medicine |
| 4061 | 7061 | Nuclear medicine—diagnostic |
| 4062 | 7062 | Nuclear medicine—therapeutic |

This department provides diagnosis and treatment under the direction of a qualified physician through use of injectable or ingestible radioactive isotopes as required for the care and treatment of patients. Further subdivisions can be made as indicated above. Additional activities can include, but are not limited to: consultation with patients and attending physicians, radioactive waste disposal, and storage of radioactive materials.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing nuclear medicine services to patients.

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| 4070 | 7070 | Pharmacy |
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This department produces, preserves, stores, compounds, manufactures, packages, controls, assays, dispenses, and distributes medications (including intravenous solutions) for inpatients and outpatients under the direction of a licensed pharmacist. Pharmacy services include the maintenance in designated areas of separate stocks of commonly used items. Additional activities can include, but are not limited to: development and maintenance of formularies established by the medical staff, consultation with and advice to medical and nursing staff on drug therapy, adding drugs to intravenous solutions, determining incompatibility in drug combinations, and stocking floor drugs and dispensing machines.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in maintaining a pharmacy under the direction of a licensed pharmacist. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth. The cost of supplies and equipment that are not billed to patients and are issued at invoice cost to other areas represented by responsibility centers should be transferred to the accounts of the consuming responsibility centers on a monthly basis.

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| 4080 | 7080 | Anesthesiology |
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Anesthesia services are rendered in the hospital by, or under the direction of, a physician trained in anesthesia or the operating surgeon. Additional activities can include, but are not limited to: recording type and amount of anesthetic administered, conducting physical examinations of patients, observing patient's condition until all effects of the anesthesia have passed, obtaining laboratory findings before anesthetic is administered, administering treatment to patients having symptoms of postanesthesia complications, accompanying patients to recovery room or intensive care units, prescribing preanesthesia and postanesthesia medications, and establishing and carrying out safeguards for administration of anesthetics.

This responsibility center should be credited or charged with all the

| Account Number | | |
|----------------|---------|---|
| Revenue | Expense | |
| | | direct revenues and expenses incurred in administering anesthetics under the direction of a physician. |
| 4090 | 7090 | Rehabilitation Service A separate responsibility center should be established for each specific, formally organized service. |
| 4091 | 7091 | Physical therapy The physical therapy department employs therapeutic exercises and massage and utilizes effective properties of light, heat, cold, water, and electricity for diagnosis and rehabilitation of patients who have neuromuscular, orthopedic, and other disabilities. These services are provided under the direction of a physician or registered physical therapist. Physical therapy services include the provision of clinical and consultative services and the direction of patients in the use, function, and care of braces, artificial limbs, and other devices. Additional activities can include, but are not limited to: prescribing therapeutic exercises, counseling patients and their relatives, organizing and conducting medically prescribed physical therapy programs, applying diagnostic muscle tests, administering whirlpool and compact baths, changing linen on beds and treatment tables, and assisting patients in changing clothes. This responsibility center should be credited or charged with all the direct revenues and expenses incurred in maintaining a physical therapy program. |
| 4092 | 7092 | Occupational therapy Occupational therapy includes teaching manual skills and independence in personal care to stimulate mental and emotional activity on the part of patients. Services include instructing patients in prescribed academic subjects to prevent mental deconditioning, improving patients' mental and physical conditions, and aiding in the attainment of knowledge and skills that will further patients' progress toward vocational objectives. Additional activities can include, but are not limited to: counseling patients' relatives and employers on both individual case and group bases, administering accreditation and other academic tests, and instructing patients in technical aspects of work. This responsibility center should be credited or charged with all the direct revenues and expenses incurred in maintaining an occupational therapy program. |
| 4093 | 7093 | Speech pathology (speech therapy) |
| 4094 | 7094 | Recreational therapy |
| 4120 | 7120 | Clinic Services A separate responsibility center should be established for each specific, formally organized clinic service. |
| 4121 | 7121 | Medical-surgical clinic |
| 4122 | 7122 | Eye, ear, nose, and throat clinic |
| 4123 | 7123 | Urology clinic |
| 4124 | 7124 | Obstetrics and gynecology clinic |

| Account Number | | |
|----------------|---------|--------------------------|
| Revenue | Expense | |
| 4125 | 7125 | Orthopedics clinic |
| 4126 | 7126 | Pediatrics clinic |
| 4127 | 7127 | Surgery clinic |
| 4128 | 7128 | Cardiology clinic |
| 4129 | 7129 | Physical medicine clinic |
| 4131 | 7131 | Psychiatric clinic |

Clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Additional activities can include, but are not limited to: participating in community activities designed to promote health education, diagnosing and treating ambulatory patients who have illnesses that respond quickly to treatment, referring patients who require prolonged or specialized care to appropriate other services, assigning patients to physicians in accordance with clinic rules, assisting and guiding volunteers in their duties, and making patients' appointments through required professional service functions.

These responsibility centers should be credited or charged with all the direct revenues and expenses incurred in providing clinic services to ambulatory patients.

| | | |
|------|------|------------------------|
| 4150 | 7150 | Home Health Care |
| 4151 | 7151 | Nursing service |
| 4161 | 7161 | Rehabilitation service |

Home health services provide nursing care to patients at their places of residence. Additional subaccounts can be established as indicated above. Activities involved in each of the following functions can be performed for patients outside the hospital: nursing care, intravenous therapy, inhalation therapy, electrocardiology, physical therapy, occupational and recreational therapy, social service, dietary, and housekeeping.

This responsibility center should be charged or credited with all the direct revenues and expenses incurred in providing care to patients at their places of residence.

| | | |
|------|------|-----------------|
| 4170 | 7170 | Social Services |
|------|------|-----------------|

The social service department obtains, analyzes, and interprets social and economic information about patients that aids in diagnosis, treatment, and rehabilitation. This service includes counseling staff and patients in case units and group units and participating in development of community social and health education programs. Additional activities can include, but are not limited to: interviewing patients and relatives to obtain social history relevant to medical problems and planning, interpreting problems of social situations as they relate to medical conditions and/or hospitalization, arranging for postdischarge care of the chronically ill, and collecting and revising information on community health and welfare resources.

This responsibility center should be credited or charged with all the direct revenues and expenses incurred in providing social services to patients.

| <u>Account Number</u> | |
|-----------------------|---------|
| Revenue | Expense |

7180 Medical Records and Library Services
 7181 Medical records

The medical records department provides maintenance of a records system for the use, transcription, retrieval, storage, and disposal of all patient medical records, and the production of indexes, abstracts, and medical statistics for hospital management and medical staff uses.

This expense center account contains the direct expenses incurred in providing the medical records function. Costs associated with microfilming of medical records should also be included in this account. Included under direct expenses are salaries and wages, professional fees, supplies, purchased services, other direct expenses, and transfers.

7182 Medical library

The medical library procures, stores, indexes, classifies, annotates, and abstracts books, catalogs, journals, and other related published materials, principally for medical staff use. It also reviews library records for completeness and compliance with established standards.

This expense center account contains the direct expenses incurred in maintaining a medical library. Included as direct expenses are salaries and wages, professional fees, supplies, purchased services, other direct expenses, and transfers.

Other Operating Revenues

5010 Other Operating Revenues
 5011 Transfers from restricted funds for research

This account reflects the amount of money transferred from restricted funds to the unrestricted fund to match expenses incurred by the unrestricted fund in the current period for restricted-fund research activities only. Separate accounts should be maintained for each specific restricted-fund activity or group of activities for which separate accounting is required by law, grant, or donation agreement.

5021 Transfers from restricted funds for education

This account reflects the amount of money transferred from restricted funds to the unrestricted fund to match expenses incurred by the unrestricted fund in the current period for restricted-fund education activities only. Separate accounts must be maintained for each specific restricted-fund activity or group of activities for which separate accounting is required by law, grant, or donation agreement.

5031 Transfers from restricted funds for other operating expenses

This account reflects the amount of money transferred from restricted funds to the unrestricted fund to match expenses incurred by the unrestricted fund in the current period for restricted-fund activities other than research and education.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

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|------|--|
| 5041 | Tuition—school of nursing |
| 5042 | Tuition—licensed vocational (practical) nursing |
| 5045 | Tuition—paramedical education |
| 5051 | Tuition—interns |
| 5055 | Tuition—residents |
| 5061 | Cafeteria This account is used to record revenues earned in the hospital cafeteria for meals served to employees and others. Include revenue from food-vending machines when the cost of the food in these machines is charged to the dietary department. |
| 5065 | Laundry and/or linen services This account should be credited for revenues earned by providing laundry services to employees and students. (See also account 5213, page 80.) |
| 5071 | Telephone and telegraph services Money received from patients, employees, and others in payment for hospital telephone and telegraph services should be credited to this account. |
| 5075 | Parking Money received from visitors, employees, and others in payment for parking privileges should be recorded in this account. |
| 5081 | Television and radio rentals This account should be used to record the revenue from television and radio rentals. |
| 5085 | Medical record and abstract fees This account is credited for medical record transcript and abstract fees. |
| 5091 | Sale of scrap and waste This account should be used to record the revenue from sale of miscellaneous scrap and waste. |
| 5095 | Vending machine commissions (net) Commissions earned by the hospital from coin-operated vending machines and telephones should be recorded in this account. |
| 5151 | Student housing |
| 5152 | Employee housing These accounts should be used to record the revenue from rental of housing facilities to students and employees. |
| 5153 | Nonpatient room rentals This account should be used to record the revenue from charges to nonpatients for housing, that is, cots and so forth. |
| 5155 | Physicians' offices and other rentals This account should be used to record revenue received from physicians and others for office space. |

| Account Number | |
|----------------|---------|
| Revenue | Expense |

| | |
|------|-----------------------------|
| 5171 | Cash discounts on purchases |
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The amounts of cash discounts taken by the hospital on purchases should be recorded in this account. Trade discounts, however, should be treated as reductions in the costs of items purchased.

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| 5175 | Rebates and refunds from vendors |
|------|----------------------------------|

This account should be used to record the revenue from rebates and refunds of expenses.

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|------|---------------------------------|
| 5210 | Services to Other Organizations |
| 5211 | Purchasing |
| 5212 | Janitorial services |
| 5213 | Laundry and/or linen services |
| 5214 | Education services |
| 5215 | Management services |
| 5216 | Data processing services |
| 5219 | Other services |

These accounts should be credited for revenues earned from the provision of services to other organizations or individuals.

Deductions from Revenue

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|------|-------------------------|
| 5510 | Provision for Bad Debts |
|------|-------------------------|

This account should contain periodic estimates of the amounts of accounts and notes receivable that are likely to be credit losses. The estimated amount of bad debts can be based on an experience percentage applied to the balances of accounts receivable or the amount of charges made to patients' accounts during the period, or it can be based on a detailed aging and analysis of patients' accounts.

Because hospitals experience bad debt patterns that vary with classes or types of patients, it is recommended that the computation of the estimate or provision take these differences into consideration. Subaccounts can be established in order to reflect the differences more accurately. Although specific subaccounts are set forth in this manual, they should not be considered exclusive or required. The hospital can use any system of *Provision for Bad Debt* subaccounts that will facilitate a more accurate estimate of credit losses.

| | |
|------|-------------------------|
| 5512 | Inpatient |
| 5513 | Outpatient—referral |
| 5514 | Outpatient—clinic |
| 5520 | Contractual Adjustments |

These accounts must be charged with the differential (if any) between the amount, based on the hospital's full established rates, of contractual charges to patients for services rendered during the period covered by the

| Account Number | |
|----------------|---------|
| Revenue | Expense |

contract, and the amounts received and due from third-party agencies in payment of such charges, including adjustments made at year-end based on cost reports submitted by the hospital.

For example, if during the year a hospital follows the practice of debiting *Contractual Adjustments* accounts for the amount of the retention on interim payments, the following adjustments would be necessary at year-end in order to achieve an accurate balance in each *Contractual Adjustments* account:

1. The amount of the retention in year-end program accounts receivable must be estimated and reflected in the accounting records by debiting the *Contractual Adjustments* account and crediting the appropriate allowance account (accounts 1060 to 1066).
2. The *Contractual Adjustments* account must be adjusted to reflect any cost reimbursement settlement, with the offsetting debit or credit being recorded in the appropriate *Receivables from Third-Party Payers* account (accounts 1070 to 1073) or *Payable to Third-Party Payers* account (accounts 2070 to 2073).

Should the hospital receive *more* than its established rates from a contractor, the differential is *credited* to these accounts.

In any instance in which the difference between the amount of a patient's bill and the payment received by the hospital from a third-party agency is recoverable from the patient, the differential is retained in *Accounts and Notes Receivable* accounts (accounts 1030 to 1055) until it is paid or deemed to be a bad debt and is written off.

| | |
|------|--------------------------------------|
| 5521 | Medicare |
| 5522 | Medicaid |
| 5523 | Other government program adjustments |
| 5524 | Blue Cross |
| 5525 | Other contractual adjustments |
| 5540 | Charity Services |

This account should be charged with the difference between the amount, based on the hospital's full established rates, of bills for hospital services to charity patients and the amount (if any) to be received from patients in payment for such services. This difference should be credited directly to the appropriate *Accounts and Notes Receivable* account (accounts 1030 to 1055), rather than to an allowance account, because charity discounts are readily determinable.

In order to properly distinguish between patients whose uncollectible bills should be considered charity write-offs and patients whose uncollectible bills should be considered bad debts, all patients should be classified at the time of admission or as soon after as is possible as charity (full or partial) or paying patients. There may be some instances in which charges to a patient are considerably greater than was anticipated because of complications unforeseen at the time of admission, and the patient then is unable to pay the full amount. In such cases the patient should be reclassified as a charity patient, and the charges attributable to the unforeseen complications should be considered charity service. Uncollectible charges to patients classified as paying patients should be treated as credit losses, that is, bad

| <u>Account Number</u> | |
|-----------------------|----------------|
| <u>Revenue</u> | <u>Expense</u> |

debts, except for contractual adjustments, policy discounts, and administrative adjustments.

5550
5551

Other Deductions
Personnel adjustments

Adjustments in charges for services rendered, in the form of courtesy allowances and employee discounts from the hospital's full established rates, should be charged to this account and credited to the appropriate *Accounts and Notes Receivable* account.

5555

Administrative and policy adjustments

Other Services

8010
8011

Research
Research administrative office

The overall administration and management of all research projects carried on by the hospital are performed by the research administrative office. Administrative expenses related to specific research projects or groups of projects should be recorded in the expense center related to that project or group of projects.

8012
8013
8014

Hospital research projects
Joint research projects
Medical school research projects

These departments carry on research projects funded by outside donations or grants and/or the hospital. Additional activities include maintenance of the animal house and administration of specific research projects.

These expense centers should be charged with the direct expenses incurred in performing research in the hospital. Separate expense center accounts must be maintained for each research activity for which separate accounting is required either by a grant agreement or contract or because of restrictions stated at the time of donation.

8020
8021

Nonphysician Education
School of nursing—administrative office

This expense center account should contain the direct expenses incurred in maintaining a nursing education administrative office, which oversees all nursing education that is not in-service in nature.

8022

Registered nurse program

The school of nursing is an approved, licensed school for the education of registered nurses. Additional activities can include, but are not limited to: selecting qualified nursing students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling students regarding professional, personal, and educational problems; selecting faculty personnel; assigning and supervising students who are involved in providing nursing care to selected patients;

| Account Number | |
|----------------|---------|
| Revenue | Expense |

and administering aptitude and other tests for counseling and selected purposes.

This expense center account should be used to record the direct expenses incurred in operating a school of nursing for registered nurses.

8023 Licensed vocational (practical) nurse program

The licensed vocational nurse program is an approved and licensed school for educating licensed vocational nurses. Additional activities can include, but are not limited to: selecting qualified nursing students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling students regarding professional, personal, and educational problems; assigning and supervising students who are involved in providing nursing care to selected patients; and administering aptitude and other tests for counseling and selection purposes.

This expense center account should contain the direct expenses incurred in operating a licensed vocational nurse program.

8030 Medical Staff Service and Education

This expense center account is used to record all expenses associated with members of the medical staff who are not assigned to specific professional service departments. The account can be further subdivided to differentiate among the expenses of the voluntary staff, the paid staff, and the medical graduate education staff and student body.

8031 Voluntary medical staff

This expense center account is used to record all those expenses associated with the voluntary staff, including expenses for staff meetings and other related activities.

Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages (including those of the secretarial staff), supplies, and so forth. Nominal reimbursement to physicians for their service on utilization review committees should be included in account 8410, *Medical Care Evaluation*.

8032 Paid medical staff

This expense center account is used to record all expenses associated with the paid medical staff for the provision of physician services to patients and for supervision thereof. Included are salaries of the chief of medical staff and other chiefs of services and salaries and other expenses associated with the house medical staff.

Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, professional fees, supplies, and so forth.

8033 Medical graduate education

8034 Interns

8035 Residents

These expense center accounts are used to record all expenses of a formally organized medical graduate education program that provides medical grad-

| <u>Account Number</u> | |
|-----------------------|----------------|
| <u>Revenue</u> | <u>Expense</u> |

uate clinical education to interns and residents. Additional activities include, but are not limited to: selecting qualified students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling students regarding professional, personal, and education problems; and assigning and supervising students.

Appropriate subaccounts should be established to accumulate the expenses of these centers under the natural classification—salaries and wages (including stipends), professional fees, supplies, and so forth.

General Services

8050 Dietary Service

The work of the dietary service includes the procurement, storage, processing, and delivery of food and nourishments to patients and to the cafeteria in compliance with public health regulations and physicians' orders. This expense center can be further subdivided as indicated below. Additional activities can include, but are not limited to: teaching patients and their families about nutrition and modified diet requirements; determining patient food preferences in terms of type of food and method of preparation; preparing selective menus for various specific diet requirements; preparing or recommending a diet manual, approved by the medical staff, for use by physicians and nurses; and delivering and collecting food trays for meals and nourishments.

This expense center account contains the direct expenses incurred in preparing, delivering, and collecting food trays for meals and nourishments and the direct expenses incurred in preparing and delivering food (including formula for infants) to patients and to the cafeteria.

8051 Kitchen

This expense center account should be used for recording all common (or shared) costs of procurement, storage, processing, and delivery of food and nourishments to patients, employees, and visitors.

This expense center account contains all food preparation expenses that are not directly associated with dietary or cafeteria functions. Examples include common salaries of cooks, common food costs, common minor equipment costs, common administrative costs, and so forth. These common costs should be accumulated in this expense center account and distributed (preferably on a monthly basis) to the *Dietary Service* and *Cafeteria* expense centers, based on the ratio of number of meals served in each area. The patient meal count should be made by counting one meal for each tray sent to a patient at mealtime. Nourishments, tube feedings, and infant formulas should be excluded. An equivalent meal count should be made in the cafeteria by use of the following procedures: count a free meal served as a full meal. A full meal consists of meat, potato, vegetable, salad, beverage, and dessert. When there is a selection of entrees, desserts, and so forth at different prices, use an average in calculating the selling price of a full meal. An equivalent meal in a pay cafeteria is determined by dividing total sales by the average selling price of a full meal served at noon.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

8052 Patient food service

The work of the patient food service includes the procurement, storage, processing, and delivery of food and nourishments to patients in compliance with public health regulations and physicians' orders. Additional activities can include, but are not limited to: teaching patients and their families about nutrition and modified diet requirements; determining patient food preferences in terms of type of food and method of preparation; preparing selective menus for various specific diet requirements; preparing or recommending a diet manual, approved by the medical staff, for use by physicians and nurses; and delivering and collecting food trays for meals and nourishments.

This expense center should be charged with all the direct expenses incurred in preparing and delivering food to patients (including infants). Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.

8053 Cafeteria

The work of the cafeteria includes the procurement, storage, processing, and delivery of food to employees and to other nonpatients in compliance with public health regulations.

This expense center account contains all expenses directly identifiable with preparing food and serving it to employees and other nonpatients.

8060 Plant Operation and Maintenance Services

Separate responsibility centers can be established as indicated below.

8061 Plant maintenance

Plant maintenance includes the maintenance and repair of buildings, parking facilities, and all equipment; painting; elevator maintenance; vehicle maintenance; and performance of minor renovation of buildings and equipment. Additional activities can include, but are not limited to: technical assistance on equipment purchases and installation, coordinating construction, and establishing priorities for repairs and utility projects.

This expense center should be charged with all the direct expenses involved in the maintenance of the hospital plant and equipment. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth. A work order system should be developed in each hospital so that accurate determination of repair and maintenance costs that are applicable to specific departments is possible. The costs of equipment maintenance and repair that can be directly identified with specific expense centers (for example, the repair cost of x-ray equipment) should be transferred to that expense center account as preliminary allocations prior to year-end cost finding. Records should also be kept to ensure that routine preventive maintenance is performed and to aid in determining when replacement of equipment is more economical than maintaining it. Additional responsibility

| <u>Account Number</u> | |
|-----------------------|----------------|
| <u>Revenue</u> | <u>Expense</u> |

centers for individual maintenance specialties can also be established (accounts 8062-8066).

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| 8062 | Carpentry |
| 8063 | Plumbing |
| 8064 | Painting |
| 8065 | Electrical and refrigeration operations |
| 8066 | Automotive services |
| 8071 | Plant operation |

Plant operation includes the maintenance and service of utilities such as heat, light, water, air conditioning, and air treatment. Additional activities can include, but are not limited to: trash disposal; boiler operation and maintenance; and service and maintenance of water treatment facilities, drainage systems, and utility transmission systems, including such maintenance performed under contract.

This expense center should be charged with all the direct expenses incurred in the operation of hospital plant and equipment.

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| 8072 | Grounds |
|------|---------|

The grounds department is responsible for maintaining the grounds of the institution, including landscaped and paved areas, streets on the property, sidewalks, fenced areas and fencing, external recreation areas, and parking facilities.

This expense center account should include the direct expenses incurred in maintaining the grounds of the institution. This category of maintenance has been separated from other activities because its costs have no specific relationship to the size of the institution or activities performed within it.

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|------|------------------------|
| 8073 | Boiler and power plant |
| 8074 | Parking |

The parking service provides parking facilities to patients, employees, and visitors.

This expense center account should contain the direct expenses of parking facilities owned and/or operated by the hospital. Revenue from parking facilities should not be credited to this expense center but to revenue account 5075, *Parking*.

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|------|--------------------|
| 8075 | Elevator operation |
| 8076 | Security |

The security department maintains the safety and well-being of hospital patients and personnel and protects the hospital's facilities.

This expense center account should include the direct expenses incurred by the security department in maintaining the safety and well-being of hospital patients, employees, and visitors.

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|------|----------------------|
| 8090 | Housekeeping Service |
|------|----------------------|

This department is responsible for the care and cleaning of the interior physical plant, including the care (washing, waxing, and stripping) of floors, walls, ceilings, partitions, and windows (inside and outside). Also included are furniture stripping, disinfecting and making beds, care of

| Account Number | |
|----------------|---------|
| Revenue | Expense |

fixtures (excluding equipment) and furnishings, and emptying room trash containers. This expense center also should be charged with the costs of similar services purchased from outside organizations.

This expense center should be charged with all the direct expenses incurred by the unit responsible for maintaining general cleanliness and sanitation throughout the hospital and other areas (such as student and employee quarters).

8110 Laundry and Linen Services

8111 Laundry service

8112 Linen service

The laundry and linen services store, issue, mend, wash, and process in-service linens. The account can be subdivided as indicated above. The services include work on uniforms, special linens, and disposable linen substitutes.

This expense center should be charged with all the direct expenses incurred in providing laundry and linen services for hospital use, including student and employee quarters. Cost of disposable linen should be recorded in this expense center account.

Fiscal and Administrative Services

8210 Fiscal Services

8211 Fiscal services office

8212 General accounting

8213 Budget and costs

8214 Payroll accounting

8215 Accounts payable

8216 Plant and equipment

8217 Inventory accounting

These departments are responsible for general accounting, that is, non-patient billing and accounting activities of the hospital, including preparation of ledgers, budgets, and financial reports; payroll accounting; accounts payable accounting; plant and equipment accounting; inventory accounting; and accounting for tuition, sales to other institutions, and so forth. The account can be subdivided as indicated above.

This expense center should be charged with all the direct expenses incurred in fulfilling the general accounting requirements of the hospital. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.

8221 Patient accounting

The processing of patient charges, including processing of charges to patients' accounts, preparing claims, and other patient-related billing and accounting activities, is handled by this department.

This expense center should be charged with all the direct expenses incurred by patient-related billing and accounting activities. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

8231 Data processing

The data processing department operates the hospital's electronic data processing system. This work includes keypunching, storing and safeguarding data, operating data processing equipment, scheduling data processing jobs, distributing output, and identifying and solving hardware and software problems.

This expense center should be charged with all the costs incurred in operating an electronic data processing center. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth. Expenses incurred by the operation of terminals of the electronic data processing center throughout the hospital should be included in the *Data processing* expense center account. However, outside service bureau costs that are directly chargeable to a specific expense center should be included in that specific expense center account under the *Other purchased services* natural classification (.60). Outside service bureau costs benefiting more than one expense center should be included in the *Data processing* expense center account and allocated at cost finding time.

8241 Admitting

The admitting of patients for hospital services includes filling out admission forms, scheduling admission times, accompanying patients to rooms or service areas after admission, and arrangement of admission details.

This expense center should be charged with the direct expenses incurred in operating all admitting offices.

8251 Cashiering

This department receives and processes payments from or on behalf of patients for hospital and medical services rendered. Additional activities can include, but are not limited to: recording amounts received, examining charges and credit slips to detect errors posted to accounts, correcting these errors as necessary, computing total bills for discharged patients, explaining charges and answering questions concerning accounts, referring patients to the credit department when appropriate, totaling and reconciling cash daily, preparing deposits, preparing reports of daily transactions, and receiving and storing valuables of patients.

This expense center should be charged with all the direct expenses incurred in performing the cashiering function.

8261 Credit and collections

The extension of credit and the collection of accounts receivable are the responsibility of this department. Additional activities include interviewing patients and others concerning the extension of credit, checking references, and using outside collection services.

This expense center should be charged with all the direct expenses incurred in extending credit and collecting accounts.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

- 8310 Administrative Services
- 8311 Administrative office
The hospital administration provides overall management and administration of the institution.
This expense center account contains the direct expenses associated with the overall management and administration of the institution. Also, expenses that cannot be assigned to a particular expense center should be included here. However, care should be taken to ascertain that all costs included in this expense center account have been appropriately classified and that they do not properly belong in a different expense center account. Expenses chargeable to the hospital administration do not include legal fees incurred in connection with the purchase of property, which should be capitalized, or fund raising costs, which should be included in account 8315, *Public relations and development*. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.
- 8312 Governing board
Costs incurred in connection with meetings of the governing board and costs incurred by the governing board in connection with their hospital-related activities, such as travel expenses and fees paid for special seminars or courses, are recorded in this expense center account.
Included as direct expenses are supplies, purchased services, professional fees, other direct expenses, and transfers.
- 8313 Auxiliary groups
Costs incurred in connection with hospital-related auxiliary groups, including expenses of the coordinator of auxiliary group activities and special meetings of auxiliary groups conducted by the hospital, are recorded in this expense center account.
This expense center account contains the direct expenses incurred in connection with hospital auxiliary or volunteer groups.
- 8314 Chaplaincy services
Chaplaincy services include the maintenance of a chapel for patients and visitors.
- 8315 Public relations and development
The public relations and development department furnishes information for public use that aids in maintaining the hospital's position in the community. It also carries out fund raising activities such as special luncheons and other meetings and special mailings.
This expense center account contains the direct expenses incurred by the public relations and community relations functions and expenses associated with development.
- 8321 Management engineering
Management engineering assists hospital administrators in performing their managerial function. The management engineer provides a wide

| | |
|-----------------------|----------------|
| <u>Account Number</u> | |
| <u>Revenue</u> | <u>Expense</u> |

variety of services, including charting the flow of patients through the daily service units and projecting the average daily census for budgetary purposes.

This expense center account contains the direct expenses incurred by management engineering.

8331 Purchasing

The purchasing service includes the procuring of supplies, equipment, and services necessary to hospital operations. Additional activities can include, but are not limited to: receipt and processing of requisitions, monitoring perpetual supply items, obtaining quotes from selected vendors, and monitoring receipt of supplies.

This expense center should be charged with all the direct expenses incurred in procuring supplies, equipment, and services necessary to hospital operations.

8341 Communications

The communications department operates the communications systems within and outside the hospital, including the telephone system, radio communications systems, public address systems, closed-circuit television, messenger services, and mail processing.

This expense center should be charged with all the direct expenses incurred in providing communications within and outside the hospital, including the telephone switchboard and related telephone services, messenger services, internal information systems, and mail services.

8351 Printing and duplicating

This department provides printing and duplication of forms, reports, and other printed matter used in the hospital.

This expense center account should contain the direct expenses incurred in the operation of a printing and duplicating department.

8361 Receiving and stores

This department receives, stores, and delivers materials, equipment, and supplies to various departments.

This expense center account should contain the direct expenses incurred by the receiving and storing function.

8371 Personnel

The personnel department provides adequate staffing of hospital departments and promotes employee satisfaction and good morale. Activities include recruitment, employee selection, salary and wage administration, fringe benefit program administration, and procurement of temporary help.

This expense center account should be used to record the direct expenses incurred by the personnel function of the hospital, including the fee-only portion paid to temporary help agencies.

8381 Employee medical services

The management, administration, and operation of medical services for employees, including scheduling of visits, record keeping in connection

| | |
|-----------------------|----------------|
| <u>Account Number</u> | |
| <u>Revenue</u> | <u>Expense</u> |

with employee visits, and pre-employment and post-illness employee physicals, are included under this expense center.

This expense center account should contain the direct expenses incurred in operating an employee medical service office or program. Included as direct expenses are salaries and wages, employee benefits, professional fees, supplies, purchased services, other direct expenses, and transfers. The discounts allowed to employees for medical services and supplies provided by the hospital should not be included in this expense center account, but should be recorded in account 5551, *Personnel adjustments*.

8410 Medical Care Evaluation

The medical care evaluation function includes providing peer review, quality assurance, utilization review, professional standards review, and other medical care evaluation activities.

This responsibility center account should contain the direct expenses associated with medical care evaluation. Included as direct expenses are salaries and wages, professional fees, supplies, purchased services, other direct expenses, and transfers.

Unassigned Expenses

8510 Depreciation, Leases, and Rentals

8511 Depreciation and amortization—historical cost

All depreciation and amortization expenses on buildings, fixed equipment, movable equipment, and leasehold improvements, recorded at their historical costs, should be contained in this account.

8521 Depreciation and amortization—price-level adjustment

This expense center account should contain a record of the differences between historical cost depreciation and price-level depreciation for the items covered by account 8511. Appropriate subaccounts should be established, through the use of appropriate retired expense classifications, to reflect price-level depreciation adjustments for each group of assets to which the adjustments are applied—land improvements, buildings, leasehold improvements, fixed equipment, major movable equipment, and minor equipment.

8541 Depreciation and amortization—gain or loss from disposal of assets

This expense center account should be used to record all monetary gains or losses resulting from the disposal of any assets. The basis for determining the gain or loss should be the historical cost of the asset.

8561 Leases and rentals

This expense center account should be used for recording all lease and rental expenses for buildings, fixed equipment, movable equipment, and leasehold improvements.

8610 Insurance

This expense center account contains the expenses incurred in maintaining all insurance policies except employee benefit insurance. Fire, theft, liability, property damage, automobile, and boiler insurance should be included in this account.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

- 8680 Licenses and Taxes (other than income taxes)
This expense center account contains business license expenses, other license expenses, and tax expenses that are incidental to the operation of the hospital. Fees paid to a city, county, or other government unit (with the exception of the franchise tax board) for doing business in a city and/or county should be recorded in this expense center account.
- 8690 Interest
8691 Working capital interest
This expense center account contains a record of the interest on money borrowed for use in hospital operations. Interest incurred on mortgage notes and other loans made for the acquisition of equipment should not be included in this expense center account.
- 8695 Other interest
This account is used to record all interest incurred on loans for other than working capital purposes.
- 8710 Employee Benefits
This account is used for recording the employer's share of employee benefits. Included are F.I.C.A., state unemployment insurance, federal unemployment insurance, group health insurance, group life insurance, pension and retirement benefits, Workmen's Compensation, group disability insurance, and other similar employee benefits. These expenses are to be assigned to appropriate expense centers at year-end as a preliminary adjustment prior to cost finding.
- 8750 Other Operating Expenses
8751 Student housing
The student housing service maintains residences for students participating in educational programs carried on by the hospital.
This expense center account should be charged with all the direct expenses incurred in providing residences for students involved in educational programs carried on by the hospital. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.
- 8752 Employee housing
The employee housing service maintains residences for employees.
This expense center should be charged with all the direct expenses incurred in providing residences for employees. Appropriate subaccounts should be established to accumulate the expenses of this center under the natural classification—salaries and wages, supplies, and so forth.
- 8755 Physicians' offices and other rentals
This expense center account contains expenses incurred in the provision of rental space to physicians and other professional persons and in other rental activities.

| Account Number | |
|----------------|---------|
| Revenue | Expense |

This expense center account should include the direct expenses incurred in renting offices to physicians and other professional persons and in other rental activities engaged in by the hospital, such as the rental of movable equipment. Separate accounts should be maintained for different rental activities such as rentals of offices, equipment, buildings, and so forth, including retail operations such as the coffee shop and gift shop. Included as direct expenses are salaries and wages, supplies, professional fees, purchased services, other direct expenses, and transfers.

| | |
|------|--------------------------------------|
| 8761 | Medical photography and illustration |
|------|--------------------------------------|

This expense center account should include the direct expenses incurred by an organized department of medical photography and illustration, including appropriate subaccounts to accumulate the expenses of this center under the natural classification—salaries of medical photographers, artists, and illustrators; supplies, including film, developing solutions, and art supplies; and so forth.

Nonoperating Revenues and Expenses

| | | |
|------|------|------------------------------------|
| 9030 | 9010 | Nonoperating Revenues and Expenses |
|------|------|------------------------------------|

Nonoperating revenues and expenses include revenues and expenses not directly related to patient care, hospital-related patient services, or the sale of hospital-related goods. The following subaccounts are included under this control account:

| | | |
|------|------|---|
| | 9011 | Federal income tax—current |
| | 9015 | Federal income tax—deferred |
| | 9021 | State income tax—current |
| | 9026 | State income tax—deferred |
| 9041 | | General contributions |
| 9045 | | Donated services |
| 9047 | | Donated commodities |
| 9051 | | Income and gains from general investments |
| 9055 | | Unrestricted income from endowment funds |
| 9061 | | Unrestricted income from other restricted funds |
| 9065 | | Term endowment funds becoming unrestricted |

Uniform Reporting

THIS CHAPTER PRESENTS criteria and considerations involved in developing a system of uniform reporting of the revenues and direct expenses of the various services of hospitals, regardless of the individual hospital's departmental organization structure. An example of a system of uniform reporting is presented that allows hospitals to achieve comparability in analysis of revenues and expenses on an annual basis. This system *is not suitable for cost reimbursement or rate determination purposes* because it does not include the necessary financial and reporting requirements that must be considered when payments are determined.

CRITERIA AND CONSIDERATIONS

Three major groups of criteria and considerations should be involved in establishing a system of uniform reporting. First, it is necessary to define functional centers in a manner that will economically meet the needs of hospitals in making comparisons. Second, policies should be established that provide for use of preferred accounting treatments even when alternative treatments have been in use. Third, an accounting structure that is reasonably easy for hospitals to use must be provided to allow for reclassifications of accounts from a responsibility center basis to the functional center basis of the program.

Establishment of Functional Reporting Centers

Functional reporting center definitions determine how the revenues and direct expenses of the various activities and functions of the institution are to be classified and reported for purposes of uniform reporting. The functional center definition should provide levels and groupings of activities that will permit adaptation of the definitions to all sizes of institutions, independent of organizational or responsibility relationships.

The definitions and descriptions of all functional reporting centers should have a common format. Each description should include an identification or name for the center; a definition of the activities provided by the area represented by the center, including some characteristics unique to the center that will help to distinguish its functions from similar or related functions; a list of representative activities that take place in the area represented by the center; a reference, including account numbers, to the responsibility center accounts under which the activities can be classified; and a statement that certain activities assigned to a specific center might be performed in some other area in some hospitals.

Establishment of Accounting Policies

It is necessary to establish a structure for reclassification of accounts in order to allow for uniform reporting in hospitals where responsibility accounting is also practiced. The chart of accounts presented in this manual is based on a concept of responsibility reporting that with certain reclassifications allows for conversion of the reporting system to a functional basis.

This system's built-in flexibility allows each institution to classify revenue and direct expenses by responsibility and functional units through the account coding system described on page 17.

When the reporting format is being structured, it should be remembered that if the functional and responsibility centers coincide to a large extent, fewer reclassifications will be needed. Conversely, if these centers diverge to a large extent, more reclassifications will be needed.

Adoption of the suggested accounting guidelines discussed later in this chapter will allow for a consistent application of data that will provide for a smooth conversion to this uniform reporting system.

**Allowing
for
Reclassification
of
Accounts**

To establish uniform hospital reporting of revenues and direct expenses, it is necessary to adopt an accounting policy that will provide for use of preferred accounting treatments even if alternative treatments are currently being used. Judgments as to the relevance and practicality of such changes in practice must be made when the scope of this policy is determined. The policy should limit the number of reclassifications in order to maintain cost effectiveness. This policy should be realistic and not burdensome; for example, reporting on a monthly basis requires different treatment of some items than annual reporting requires. Some examples are fringe benefits, leases, rentals, depreciation of movable equipment, repairs and maintenance of movable equipment, and payroll and man-hour accruals.

The system presented in this chapter meets the criteria and considerations described above. The functional reporting centers are defined and described in a common format, and the system of reclassification is described later in this chapter.

ACCOUNTING POLICY CONSIDERATIONS

The accounting policy considerations that serve as the basis for this system are as follows.

- Accrual Accounting** All accounting and statistical data are to be recorded on the accrual basis, that is, on the basis of generally accepted accounting principles regarding prepayment, deferrals, accounts payable, accounts receivable, and so forth.
- Material and Supply Inventories** Inventories should be valued on the basis of a consistent method of costing, which is determined on the basis of invoiced amounts as described in the next section.
- Purchases of Disposable and Reusable Materials, Forms, and Supplies** Only those materials, forms, and supplies that are to be consumed in an area represented by a functional reporting center or are to be processed by and in an area represented by a functional reporting center should be charged to that center.
- Materials, forms, and supplies that are subsequently requisitioned for consumption in an area represented by another functional reporting center are to be credited to the original center and charged to the consuming functional reporting center at invoice cost (which includes purchase price, net discounts, duties, freight, and other incidental costs that can be determined practically).

Classification of Revenues and Expenses within Functional Reporting Centers All functional reporting centers should have four reporting subclassifications: (1) *Salaries and Wages* paid to all nonphysician employees, (2) *Physicians' Remuneration* (including physicians' salaries and fees), (3) *Other Direct Expenses*, consisting of any and all other applicable direct expenses, and (4) *Revenue*.

Salaries and Wages (excluding those of physicians and nonphysician medical specialists) All salaries and wages (including bonuses, overtime, on-call and standby pay, callback pay, and expense services of religious and float personnel) are to be assigned to functional reporting centers based on the pro rata portions of time spent in performing the duties associated with that center's function. A student is reported as an employee when he is paid a salary or wages.

Fringe Benefits All employee fringe benefit expenses are to be assigned to the functional reporting center to which the employee's salary or wages are assigned. Fringe benefits may include the employer's share of employee hospitalization insurance, medical and dental benefits, Workmen's Compensation, employee group insurance, Social Security taxes (F.I.C.A.), unemployment compensation, annuity premiums, past service benefits, and pensions.

Depreciation, Leases, and Rentals All expenses associated with lease and rental of movable equipment shall be assigned to the functional reporting center that represents the area to which the equipment is assigned. Lease and rental expenses for buildings and fixed equipment shall be assigned to the *Depreciation, Leases, and Rentals* functional reporting center (account 851).

All depreciation expenses associated with movable equipment are to be assigned to the functional reporting center that represents the area to which the equipment is assigned. Depreciation expenses associated with fixed equipment and buildings are to be assigned to the *Depreciation, Leases, and Rentals* functional reporting center.

Consistent Expense Distribution All of the direct expenses associated with the defined activities of an area represented by a functional reporting center are to be assigned to that center even if the activities are performed in more than one area of the hospital, with the following exceptions:

Repairs and maintenance

Expenses of repair and maintenance of all buildings, fixed equipment, and grounds, including the costs of employees' time, hospital materials, purchased services, and maintenance contracts, are to be assigned to the *Plant Operation and Maintenance Service* functional reporting center (account 806).

Expenses of all repair and maintenance of movable equipment, including employees' time, hospital materials, purchased services, and contracts, are to be assigned to the functional reporting center to which the equipment is assigned.

Insurance

All insurance expenses, except those of employee fringe benefits, are to be assigned to the *Insurance Expenses* functional reporting center (account 861). Losses and expenses associated with self-insurance are also to be assigned to this center.

Physicians' remuneration

Salaries, fees, commissions, and other forms of remuneration paid to physicians for medical services, that is, the performance and direction of activities directly related to patient care, shall be assigned and reported as *Physicians' Remuneration* under the *Medical Staff Service and Education* (account 803), *Medical Care Evaluation* (account 841), and other appropriate functional reporting centers. When a physician provides services to patients and the hospital acts only as a billing and/or collection agent, a balance sheet agency account shall be established.

Research

All specifically funded research activities funded by the hospital or by third parties are to be assigned to the *Research* functional reporting center (account 801).

Electronic data processing

Expenses associated with electronic data processing, including the costs of message switching communications systems and related programming and operating expenses, are to be assigned to the *Fiscal Services* functional reporting center (account 821).

Transportation of Materials The expenses involved in transporting materials and supplies from a dispensing unit to a requisitioning unit are to be assigned to the functional reporting center that represents the dispensing area.

Transportation of Patients The expenses of transporting patients to nursing service areas at the time of admission are to be assigned to the admitting activity under the *Fiscal Services* functional reporting center (account 821).

The expenses of transporting patients to and from a service-rendering area are to be assigned to the functional reporting center that represents the service-rendering area.

The expenses of transporting patients who have been discharged are to be assigned to the nursing service functional reporting center that represents the area from which the patient was discharged.

In-Service Education In-service education is part of every function; therefore, the expenses associated with it should be assigned to the functional reporting center to which the participating employees' wages and salaries are assigned.

Purchased Services Contracted services or purchased services other than services provided by religious orders are to be assigned as *Other Direct Expenses* to the functional reporting center under which the activity has been classified. Ex-

penses associated with all services covered by an agreement between a general acute care hospital and its affiliates (university or medical schools, extended care facilities, personnel quarters, and so forth) are to be assigned to the appropriate functional reporting center as *Other Direct Expenses*. Cost recovery revenue generated by professional and nonprofessional services rendered by the hospital to its affiliates are to be treated as reimbursements of expense and deducted from the expenses assigned to the applicable service-rendering functional reporting center. This deduction is to be applied, on a pro rata basis, to the *Salaries and Wages* and *Other Direct Expenses* classifications, man-hours, and the statistical (productivity) base. Revenues in excess of costs are to be assigned to account 501, *Other Operating Revenues*.

**Student
Training
Programs**

Nonphysician student training programs are defined as approved programs leading to certification or licensure. Registered nurse and licensed practical nurse training programs constitute a separate functional reporting center; the direct expenses of conducting such programs are to be assigned to the *Nonphysician Education* functional reporting center (account 802). The direct expenses of all other student training programs, including student stipends, are to be assigned as direct expenses to the functional reporting center that represents the area where the student receives his training.

**Common
Activities**

Activities common to most areas represented by functional reporting centers, such as planning, appraising, analyzing, preparing staffing schedules, meeting legal requirements and sanitary standards, keeping abreast of new developments in relevant fields, performing clerical work incidental to the activities of the department, documenting work performed, initiating requisitions, providing for and receiving in-service education, educating patients in self-care, maintaining specialized libraries, preparing budgets, evaluating assigned personnel, and attending meetings, are to be assigned to the functional reporting center representing the area in which the activity is performed.

**Nonphysician
Professional
Medical
Specialist
Remuneration**

Fees, commissions, and other forms of remuneration paid to professional *nonphysician* licensed medical specialists are to be assigned to the applicable functional reporting center as *Other Direct Expenses*. In situations in which a particular diagnostic and therapeutic service is provided by a lessee operating within the confines of the hospital and the hospital bills its patients for the service, an agency account shall be set up for purposes of recording the receipt and disbursement of such funds.

USE OF THE FUNCTIONAL REPORTING CENTERS

The definitions and descriptions of the functional reporting centers are based on these accounting policy considerations and the suggested criteria. The system used for reclassification of expenses and revenues from responsibility accounting centers to uniform reporting centers is based on the coding system described on page 20. In this system, all account numbers

whose first four digits end in zero are responsibility control accounts. The first three digits of each responsibility control account number also serve as the account code for the uniform reporting center designation, after certain allocations and assignments have been made to conform with the accounting policy and grouping considerations that have been established for this annual reporting system. The seventh, eighth, and ninth digits in the coding system, described on page 20, are used to indicate the functional reporting center.

Reclassifications of revenues and direct expenses of activities will be necessary in those instances in which these revenues and expenses have been assigned to responsibility center accounts other than those that correspond with the functional reporting centers for these activities. When determining whether a reclassification is necessary, the *materiality* of the amount and the appropriate *accounting policies* should be taken into consideration. (See pages 7 and 96 through 99.)

FUNCTIONAL REPORTING CENTERS

Functional Reporting Center: Nursing Administration

Account Code Number: 601

Definition

Overall administration and supervision of all nursing services. It includes the work of the director, assistants and/or associates, supervisors of two or more areas represented by functional reporting centers, secretaries, clerks, and all nursing personnel who are responsible for conducting in-service education of nursing personnel. Examples of job titles include director of nurses, associate director of nurses, assistant director of nurses, director of in-service education, and supervisor.

Representative Activities

Recommendation of appointments to the nursing staff; definition and execution of the philosophy, objectives, policies, and standards for nursing care of patients; participation in community education health programs; participation in patient care review committees; inspection of patient areas to verify that patient needs are met; and coordination of all nursing activities and functions with other hospital functions.

Responsibility Centers Where Normally Recorded

6010 Nursing—Administration
6011 Nursing—administration
6012 Nursing—in-service education

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 6010 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Medical and Surgical Acute
Account Code Numbers: 302, 602

Definition

Provision and evaluation of nursing care to patients in medical and surgical units on the basis of physicians' orders and approved nursing care plans. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, intravenous therapist, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Serving and feeding patients; transporting patients between nursing care areas; collecting sputum, urine, and feces samples for testing in the laboratory; conducting patient-centered conferences; monitoring of vital life signs; teaching and counseling the patient and his family in continuing care; operating specialized equipment; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping them into and out of bed; observing patients for reactions to drugs; administering specified medication; infusing intravenous fluids; answering patients' call signals; participating in patient care review committees; and keeping patients' rooms (that is, their personal effects) in order.

Responsibility Centers Where Normally Recorded

3020, 6020 Nurses' Stations—Medical and Surgical Acute
6021 to 6049 }
3021 to 3049 } Designated medical and surgical acute care units

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3020 and 6020 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Pediatric Acute
Account Code Numbers: 305, 605

Definition

Provision of nursing care in pediatric nursing units on the basis of physicians' orders and approved nursing care plans. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Understanding and providing for the unique needs, fears, and behavior of children; teaching and counseling parents in continuing care of their children; teaching and guiding the child in health needs; providing nursing care for newborn infants, full term and premature, on a direct admission basis; providing for isolation nursery care; and representative activities listed in chapter 5 under *Nurses' Stations—Medical and Surgical Acute* (page 64).

Responsibility Center Where Normally Recorded

3050, 6050 Pediatric Acute

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3050 and 6050 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Psychiatric Acute
Account Code Numbers: 306, 606

Definition

Provision of nursing care to emotionally disturbed patients, including patients admitted for diagnosis and those admitted for treatment, in psychiatric nursing units on the basis of physicians' orders and approved nursing care plans. The units are staffed with nursing personnel specially trained to care for the mentally ill. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing assistant, psychiatric aide, nurse technician, orderly, ward clerk, and ward service manager.

Representative Activities

Establishing goal-directed relationships with patients, participating in group and milieu therapy, participating in treatment planning and evaluation conferences, providing nursing consultation to other nursing units, providing specialized treatments such as crisis intervention and drug interaction, and representative activities listed in chapter 5 under *Nurses' Stations—Medical and Surgical Acute* (page 64).

Responsibility Center Where Normally Recorded

3060, 6060 Psychiatric Acute

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3060 and 6060 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Other Adult and Pediatric Acute
Account Code Number: 307, 607

Definition

The provision and evaluation of nursing care to patients in acute care units other than medical, surgical, pediatric, psychiatric, and obstetric (gynecologic) units and newborn nurseries on the basis of physicians' orders and approved nursing care plans. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, intravenous and inhalation therapist, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

See representative listings of activities under *Medical and Surgical Acute* (page 102) and *Pediatric Acute* (page 103).

Responsibility Centers Where Normally Recorded

3070, 6070 Other Adult and Pediatric Acute
3071, 6071 Detoxification unit(s)
3072, 6072 Communicable disease unit(s)

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3070 and 6070 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Obstetric (Gynecologic) Acute
Account Code Numbers: 308, 608

Definition

Provision of nursing care to obstetrics patients and noninfectious gynecology patients, prenatal care of patients in labor, delivery room assistance, and care of mothers following delivery on the basis of physicians' orders and approved nursing care plans. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, midwife, nursing aide, orderly, ward clerk, and ward service manager.

Representative Activities

Observing and comforting patients in labor, instructing mothers in post-natal care and care of the newborn, and representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Center Where Normally Recorded

3080, 6080 Obstetric (Gynecologic) Acute

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3080 and 6080 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Newborn Nursery Acute
Account Code Numbers: 309, 609

Definition

Provision of nursing care to newborn and premature infants in nurseries on the basis of physicians' orders and approved nursing care plans. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing aide, orderly, ward clerk, and ward service manager.

Representative Activities

Instructing mothers in care of the newborn and continuing care of children and representative activities listed under *Pediatric Acute* (page 103).

Responsibility Centers Where Normally Recorded

3090, 6090 Newborn Nursery Acute
3095, 6095 Premature unit(s)

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3090 and 6090 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Intensive Care
Account Code Numbers: 312, 612

Definition

Provision of nursing care that is of a more intensive nature than the usual medical, surgical, and pediatric care to patients in intensive care units on the basis of physicians' orders and approved nursing care plans. The units are staffed with specially trained nursing personnel and contain monitoring and specialized support equipment for patients who, because of shock, trauma, or life-threatening conditions, require intensified, comprehensive observation and care. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing assistant, physician's assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Operating complex resuscitative and electronic monitoring equipment, providing psychological support to patients who are being transferred to units that provide less comprehensive care, and representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Centers Where Normally Recorded

- 3120, 6120 Intensive Care
- 3121, 6121 Medical-surgical intensive care unit(s)
- 3122, 6122 Pediatric intensive care unit(s)
- 3123, 6123 Neonatal intensive care unit(s)
- 3124, 6124 Definitive observation intensive care unit(s)
- 3125, 6125 Psychiatric (isolation) intensive care unit(s)

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3120 and 6120 and if the amount is significant.

Reporting Classifications

- Revenue
- Salaries and Wages
- Other Direct Expenses

Functional Reporting Center: Burn Care
Account Code Numbers: 313, 613

Definition

Provision of nursing care of a more intensive and specialized nature than the usual medical, surgical, and pediatric care to patients assigned to burn units on the basis of physicians' orders and approved nursing care plans. The units may be staffed with specially trained nursing personnel and contain specialized support or treatment equipment. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Utilizing specialized equipment and medications specifically for burn therapy, maintaining sterile field in burn area, and representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Center Where Normally Recorded

3130, 6130 Burn Care

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3130 and 6130 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Cardiac Care
Account Code Numbers: 314, 614

Definition

Provision of nursing care of a more specialized nature than the usual medical, surgical, and pediatric care to patients in cardiac care units on the basis of physicians' orders and approved nursing care plans. The units may be staffed with specially trained nursing personnel and contain specialized support or treatment equipment. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Operating complex resuscitative and electronic monitoring equipment, providing psychological support to patients who are being transferred to units that provide less comprehensive care, and representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Centers Where Normally Recorded

3140, 6140 Cardiac Care
3141, 6141 Myocardial infarction unit(s)
3142, 6142 Pulmonary care unit(s)
3143, 6143 Heart transplant unit(s)

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3140 and 6140 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Extended (Long-Term) and Other Care
Account Code Numbers: 315, 615

Definition

Provision of nursing care to patients in extended care and other units on the basis of physicians' orders and approved nursing care plans, when patients require convalescent and/or restorative services at a level less intensive than that of the usual medical, surgical, and pediatric acute care. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, nursing aide, orderly, ward clerk, and ward service manager.

Representative Activities

See representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Centers Where Normally Recorded

| | |
|------------|-------------------------------------|
| 3150, 6150 | Extended (Long-Term) and Other Care |
| 3151, 6151 | Skilled nursing unit(s) |
| 3152, 6152 | Rehabilitation unit(s) |
| 3153, 6153 | Long-term psychiatric unit(s) |
| 3154, 6154 | Residential unit(s) |
| 3156, 6156 | Self-care unit(s) |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3150 and 6150 and if the amount is significant.

Reporting Classifications

Revenue
 Salaries and Wages
 Other Direct Expenses

Functional Reporting Center: Hemodialysis
Account Code Numbers: 316, 616

Definition

Purification of patients' blood through use of hemodialysis equipment on the basis of physicians' orders and approved nursing care plans. The units are staffed with specially trained personnel and contain monitoring and specialized support equipment for patients who are undergoing hemodialysis treatment. Examples of job titles include unit supervisor, registered nurse, licensed practical nurse, nursing assistant, orderly, ward clerk, and ward service manager.

Representative Activities

Counseling and teaching the patient and his family about hemodialysis procedures, operating hemodialysis equipment, and representative activities listed under *Medical and Surgical Acute* (page 102).

Responsibility Center Where Normally Recorded

3160, 6160 Hemodialysis

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3160 and 6160 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Respiratory Services
Account Code Numbers: 317, 617

Definition

Respiratory therapy is the administration of oxygen and certain potent drugs through inhalation or positive pressure and other forms of rehabilitative therapy as prescribed by physicians. Pulmonary function testing is the testing, through measurement of inhaled and exhaled gases and analysis of blood, and evaluation of the patient's ability to exchange oxygen and other gases. These functions are performed by specially trained personnel who initiate, monitor, and evaluate patient performance, cooperation, and ability during testing procedures.

Representative Activities

Assisting physician in performance of emergency care; reviving and maintaining patients' vital life signs; maintaining open airways, breathing, and blood circulation; maintaining aseptic conditions; transporting equipment to patients' bedsides; observing and instructing patients during therapy; visiting all assigned patients to ensure that physicians' orders are being carried out; inspecting and testing equipment; enforcing safety rules; calculating test results; and performing arterial punctures.

Responsibility Centers Where Normally Recorded

3170, 6170 Respiratory Services
3171, 6171 Respiratory therapy
3172, 6172 Pulmonary function testing

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3170 and 6170 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Labor and Delivery Services

Account Code Numbers: 319, 619

Definition

Included within labor and delivery services are the services provided by specially trained nursing personnel to patients in labor and delivery, including prenatal care in labor, assistance in delivery, postnatal care in recovery, and minor gynecologic procedures if they are performed in the delivery suite.

Representative Activities

Comforting patients in the labor, delivery, and recovery rooms; maintaining aseptic conditions; preparing for deliveries; cleaning up after deliveries to the extent of preparing used linen, gloves, instruments, utensils, equipment, and waste for pickup and disposal; arranging sterile setup for deliveries; preparing patients for transportation to delivery room and recovery room; enforcing safety rules and standards; and monitoring patients while they are in recovery.

Responsibility Centers Where Normally Recorded

3190, 6190 Labor and Delivery Services
3191, 6191 Labor room(s)
3192, 6192 Delivery room(s)

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3190 and 6190 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Surgical Services**Account Code Numbers: 321, 621****Definition**

Services provided to patients in which specially trained nursing personnel provide assistance to physicians in the performance of surgical and related procedures during and immediately following surgery. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, surgical technician, and other titles of assigned personnel.

Representative Activities

Comforting patients in the operating room; maintaining aseptic conditions; scheduling surgical procedures in conjunction with surgeons; assisting the surgeon during procedures; preparing for procedures; cleaning up after procedures to the extent of preparing used linen, gloves, instruments, utensils, equipment, and waste for pickup and disposal; arranging sterile setup for procedures; assisting in preparing patients for surgery; inspecting, testing, and maintaining special equipment; preparing patients for transportation to the recovery room; counting sponges, needles, and instruments used during procedures; enforcing safety rules and standards; and monitoring patients while they are recovering from anesthesia.

Responsibility Centers Where Normally Recorded

| | |
|------------|----------------------------------|
| 3210, 6210 | Surgical Services |
| 3211, 6211 | General surgery |
| 3212, 6212 | Organ transplants |
| 3213, 6213 | Open-heart surgery |
| 3214, 6214 | Neurosurgery |
| 3215, 6215 | Orthopedic surgery |
| 3216, 6216 | Minor surgery |
| 3217, 6217 | Surgical day care (mini-surgery) |
| 3218, 6218 | Recovery room(s) |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3210 and 6210 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Emergency Services
Account Code Numbers: 323, 623

Definition

A unit providing emergency treatment to those ill and injured persons who require immediate medical or surgical care on an unscheduled basis. Examples of job titles include head nurse, unit supervisor, registered nurse, licensed practical nurse, ambulance driver, and ambulance attendant.

Representative Activities

Lifting patients into and out of the ambulance, assisting in surgical and related procedures, transporting patients to and from the hospital, comforting patients, maintaining aseptic conditions, assisting physicians in performance of emergency care, monitoring vital life signs, applying bandages or assisting physicians in applying bandages, and coordinating the scheduling of patients through required professional service functions.

Responsibility Centers Where Normally Recorded

3230, 6230 Emergency Services
3231, 6231 Emergency department
3232, 6232 Ambulance service

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3230 and 6230 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Central Services
Account Code Numbers: 325, 625

Definition

Preparation and issuance of medical and surgical supplies and equipment to patients and to other areas of the hospital (all storeroom activities are assigned to the *Administrative Services* functional reporting center). Examples of job titles include unit supervisor, head nurse, and central service technician.

Representative Activities

Requisitioning and issuing appropriate supply items required for patient care; preparing sterile irrigating solutions; collecting, assembling, cleaning, sterilizing, and redistributing reusable items; and cleaning, assembling, maintaining, and issuing portable apparatus.

Responsibility Centers Where Normally Recorded

3250, 6250 Central Services
3251, 6251 Central services
3252, 6252 Central sterile supply

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 3250 and 6250 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Laboratory Services**Account Code Numbers: 401, 701****Definition**

Performance of laboratory tests necessary for diagnosis and treatment of hospital patients, under the direction of a pathologist. Performance of diagnostic and routine tests in the fields of bacteriology, biochemistry, histology, serology, hematology, and cytology. Examples of job titles include chief technologist, biochemist, biologist, animal caretaker, cytotechnologist, hematologist, medical technician, laboratory aide, morgue attendant, microbiologist, serologist, clerk, and secretary.

Representative Activities

Transporting specimens from nursing floors and operating rooms; drawing blood samples; drawing or otherwise procuring, processing, storing, and issuing whole blood and blood derivatives; caring for laboratory animals and equipment; maintaining quality control standards; preparing samples for testing; mortuary operation; and autopsy.

Responsibility Centers Where Normally Recorded

| | |
|------------|--------------------------|
| 4010, 7010 | Laboratory Services |
| 4011, 7011 | Chemistry |
| 4012, 7012 | Hematology |
| 4013, 7013 | Histology |
| 4016, 7016 | Autopsy |
| 4017, 7017 | Special procedures |
| 4018, 7018 | Immunology |
| 4019, 7019 | Microbiology |
| 4021, 7021 | Radioisotopes |
| 4022, 7022 | Procurement and dispatch |
| 4023, 7023 | Urine and feces |
| 4025, 7025 | Blood bank |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4010 and 7010 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Electrodiagnosis
Account Code Numbers: 403, 703

Definition

Operation of specialized equipment to record electromotive variations in actions of the heart muscle on an electrocardiograph for diagnosis of heart ailments, or measuring impulse frequencies and differences in electrical potential in various areas of the brain to obtain data for use in diagnosis of brain disorders.

Representative Activities

Escorting patients into treatment room; wheeling portable equipment to patients' bedsides; explaining test procedures to patients; operating electrocardiograph equipment; inspecting, testing, and maintaining special equipment; and attaching and removing electrodes to and from patients.

Responsibility Centers Where Normally Recorded

| | |
|------------|------------------------|
| 4030, 7030 | Electrodiagnosis |
| 4031, 7031 | Electrocardiology |
| 4032, 7032 | Electromyography |
| 4033, 7033 | Electroencephalography |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4030 and 7030 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Radiology—Diagnostic
Account Code Numbers: 404, 704

Definition

Provision of diagnostic radiology services under the direction of a radiologist as required for the examination and care of patients. Includes taking, processing, examining, and interpreting radiographs and fluorographs. Examples of job titles include chief technologist, darkroom attendant, radiation monitor, radiologic technologist, clerk, and secretary.

Representative Activities

Transporting patients to and from the radiology facility, taking and processing fluorographs and radiographs, examining and interpreting results, consulting with patients and attending physicians, disposing of radioactive waste, and storing and retrieving film and radioactive materials.

Responsibility Centers Where Normally Recorded

4040, 7040 Radiology—Diagnostic
4041, 7041 Angiocardiography

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4040 and 7040 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Electrodiagnosis
Account Code Numbers: 403, 703

Definition

Operation of specialized equipment to record electromotive variations in actions of the heart muscle on an electrocardiograph for diagnosis of heart ailments, or measuring impulse frequencies and differences in electrical potential in various areas of the brain to obtain data for use in diagnosis of brain disorders.

Representative Activities

Escorting patients into treatment room; wheeling portable equipment to patients' bedsides; explaining test procedures to patients; operating electrocardiograph equipment; inspecting, testing, and maintaining special equipment; and attaching and removing electrodes to and from patients.

Responsibility Centers Where Normally Recorded

4030, 7030 Electrodiagnosis
4031, 7031 Electrocardiology
4032, 7032 Electromyography
4033, 7033 Electroencephalography

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4030 and 7030 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Radiology—Diagnostic
Account Code Numbers: 404, 704

Definition

Provision of diagnostic radiology services under the direction of a radiologist as required for the examination and care of patients. Includes taking, processing, examining, and interpreting radiographs and fluorographs. Examples of job titles include chief technologist, darkroom attendant, radiation monitor, radiologic technologist, clerk, and secretary.

Representative Activities

Transporting patients to and from the radiology facility, taking and processing fluorographs and radiographs, examining and interpreting results, consulting with patients and attending physicians, disposing of radioactive waste, and storing and retrieving film and radioactive materials.

Responsibility Centers Where Normally Recorded

4040, 7040 Radiology—Diagnostic
4041, 7041 Angiocardiography

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4040 and 7040 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Radiology—Therapeutic

Account Code Numbers: 405, 705

Definition

Provision of therapeutic radiology services as required for the care and treatment of patients under the direction of a radiologist. Includes therapy by radium and radioactive substances. Additional activities can include consultation with patients and attending physicians, radioactive waste disposal, and storage of radioactive materials.

Representative Activities

Transporting patients to and from the radiology facility, taking and processing fluorographs and radiographs, examining and interpreting results, consulting with patients and attending physicians, disposing of radioactive waste, and storing and retrieving film and radioactive materials.

Responsibility Centers Where Normally Recorded

4050, 7050 Radiology—Therapeutic

4051, 7051 Chemotherapy

4052, 7052 Radiation therapy

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4050 and 7050 and if the amount is significant.

Reporting Classifications

Revenue

Physicians' Remuneration

Salaries and Wages

Other Direct Expenses

Functional Reporting Center: Nuclear Medicine
Account Code Numbers: 406, 706

Definition

Operation of a radioisotope laboratory utilizing radioactive materials as required for the diagnosis and treatment of patients. Additional activities include consultation with patients and attending physicians, radioactive waste disposal, and storage of radioactive materials.

Representative Activities

Transporting patients to and from the radiology facility, taking and processing fluorographs and radiographs, examining and interpreting results, consulting with patients and attending physicians, disposing of radioactive waste, and storing and retrieving film and radioactive materials.

Responsibility Centers Where Normally Recorded

4060, 7060 Nuclear Medicine
4061, 7061 Nuclear medicine—diagnostic
4062, 7062 Nuclear medicine—therapeutic

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4060 and 7060 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Pharmacy
Account Code Numbers: 407, 707

Definition

Procurement, preservation, storage, compounding, manufacturing, packaging, controlling, assaying, and dispensing of medications and intravenous solutions for inpatients and outpatients, performed under the direction of a licensed pharmacist. Activities include maintaining separate stocks of commonly used items in designated areas. Examples of job titles include director of pharmacy services, pharmacist, dispensary clerk, pharmacy helper, and secretary.

Representative Activities

Developing and maintaining formularies established by the medical staff, consulting and advising medical staff and nursing staff on overdoses, adding drugs to intravenous solutions, analyzing incompatibility of drug combinations, and stocking floor drugs and dispensing machines.

Responsibility Center Where Normally Recorded

4070, 7070 Pharmacy

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4070 and 7070 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Anesthesiology
Account Code Numbers: 408, 708

Definition

The administration of anesthetics in the hospital.

Representative Activities

Recording type and amount of anesthetic administered, conducting physical examinations of patients, observing each patient's condition until all effects of the anesthesia have passed, obtaining laboratory findings before anesthetic is administered, administering treatments to patients having symptoms of postanesthesia complications, accompanying patients to recovery room or intensive care units, prescribing preanesthesia and postanesthesia medications, establishing and carrying out safeguards for administration of anesthetics, and caring for equipment.

Responsibility Center Where Normally Recorded

4080, 7080 Anesthesiology

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4080 and 7080 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Rehabilitation Service
Account Code Numbers: 409, 709

Definition

Treatment of patients with neuromuscular and musculoskeletal impairments. Utilization of modalities and tests of physical, occupational, speech, and recreational therapy and rehabilitation nursing in a coordinated and integrated program of services under the direction and prescription of a physician. Job titles include chief and staff therapist, certified assistant, aide, orderly, clerk, and secretary.

Representative Activities

Evaluation by conducting diagnostic tests; consultations, prescription, and carrying out prescriptions; routine housekeeping in area; and assisting patients with personal needs.

Responsibility Centers Where Normally Recorded

| | |
|------------|-----------------------------------|
| 4090, 7090 | Rehabilitation Service |
| 4091, 7091 | Physical therapy |
| 4092, 7092 | Occupational therapy |
| 4093, 7093 | Speech pathology (speech therapy) |
| 4094, 7094 | Recreational therapy |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4090 and 7090 and if the amount is significant.

Reporting Classifications

Revenue
Physicians' Remuneration
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Clinic Services
Account Code Numbers: 412, 712

Definition

An organized service providing diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Examples of job titles include clinic director, unit supervisor, head nurse, registered nurse, licensed practical nurse, aide, orderly, and clerk.

Representative Activities

Participating in community activities designed to promote health education, assisting in administration of physical examinations and diagnosis and treatment of ambulatory patients, referring patients who require prolonged or specialized care to appropriate services, assigning patients to physicians in accordance with clinic rules, assisting and guiding volunteers in their duties, and making patients' appointments through required professional service functions.

Responsibility Centers Where Normally Recorded

| | |
|------------|-----------------------------------|
| 4120, 7120 | Clinic Services |
| 4121, 7121 | Medical-surgical clinic |
| 4122, 7122 | Eye, ear, nose, and throat clinic |
| 4123, 7123 | Urology clinic |
| 4124, 7124 | Obstetrics and gynecology clinic |
| 4125, 7125 | Orthopedics clinic |
| 4126, 7126 | Pediatrics clinic |
| 4127, 7127 | Surgery clinic |
| 4128, 7128 | Cardiology clinic |
| 4129, 7129 | Physical medicine clinic |
| 4131, 7131 | Psychiatric clinic |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4120 and 7120 and if the amount is significant.

Reporting Classifications

Revenue
 Physicians' Remuneration
 Salaries and Wages
 Other Direct Expenses

Functional Reporting Center: Home Health Care
Account Code Numbers: 415,715

Definition

The provision of nursing care and professional and nonprofessional services to patients at their places of residence.

Representative Activities

Each of the following functions can be performed for patients outside the hospital: nursing care, intravenous therapy, inhalation therapy, electrocardiology, physical therapy, occupational and recreational therapy, social services, dietary services, and housekeeping services.

Responsibility Centers Where Normally Recorded

4150, 7150 Home Health Care
4151, 7151 Nursing service
4161, 7161 Rehabilitation service

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4150 and 7150 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Social Services

Account Code Numbers: 417, 717

Definition

Obtaining, analyzing, and interpreting social and economic information to assist in diagnosis, treatment, and rehabilitation of patients, including counseling of staff and patients in case units and group units and participating in the development of community social and health education programs. Examples of job titles include director, social worker, social work assistant, and assigned clerical personnel.

Representative Activities

Interviewing patients and relatives in order to obtain social history relevant to medical problems and planning, interpreting problems of social situations as they relate to the medical condition and/or hospitalization of the patient, arranging for postdischarge care of chronically ill patients, and collecting and revising information on community health and welfare resources.

Responsibility Center Where Normally Recorded

4170, 7170 Social Services

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 4170 and 7170 and if the amount is significant.

Reporting Classifications

Revenue
Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Medical Record and Library Services
Account Code Number: 718

Definition

Maintenance of a record system for the use, transcription, retrieval, storage, and disposal of patient medical records and production of indexes, abstracts, and statistics for hospital management and medical staff use. Included are procuring, storing, indexing, classifying, annotating, and abstracting of books, catalogs, journals, and other related published materials, principally for medical staff use, and reviewing records for completeness and compliance with established standards.

Representative Activities

Operating microfilm equipment (or equivalent) and entering abstracted information on insurance forms.

Responsibility Centers Where Normally Recorded

7180 Medical Record and Library Services
7181 Medical records
7182 Medical library services

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 7180 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Other Operating Revenues
Account Code Number: 501

Definition

A functional reporting center to be used for reporting other operating revenues.

Responsibility Centers Where Normally Recorded

- 5010 Other Operating Revenues
 - 5011 Transfers from restricted funds for research
 - 5021 Transfers from restricted funds for education
 - 5031 Transfers from restricted funds for other operating expenses
 - 5041 Tuition—school of nursing
 - 5042 Tuition—licensed vocational (practical) nursing
 - 5045 Tuition—paramedical education
 - 5051 Tuition—interns
 - 5055 Tuition—residents
 - 5061 Cafeteria
 - 5065 Laundry and/or linen services
 - 5071 Telephone and telegraph services
 - 5075 Parking
 - 5081 Television and radio rentals
 - 5085 Medical record and abstract fees
 - 5091 Sale of scrap and waste
 - 5095 Vending machine commissions (net)
 - 5151 Student housing
 - 5152 Employee housing
 - 5153 Nonpatient room rentals
 - 5155 Physicians' offices and other rentals
 - 5171 Cash discounts on purchases
 - 5175 Rebates and refunds from vendors
- 5210 Services to Other Organizations
 - 5211 Purchasing
 - 5212 Janitorial services
 - 5213 Laundry and/or linen services
 - 5214 Education services
 - 5215 Management services
 - 5216 Data processing services
 - 5219 Other services

Reclassification

Reclassification may be required if revenues associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than those listed above and if the amount is significant.

Reporting Classification

Revenue

Functional Reporting Center: Deductions from Revenue
Account Code Numbers: 551 to 555

Definition

A functional reporting center for reporting deductions from revenue.

Responsibility Centers Where Normally Recorded

- 5510 Provision for Bad Debts
- 5512 Inpatient
- 5513 Outpatient—referral
- 5514 Outpatient—clinic
- 5520 Contractual Adjustments
- 5521 Medicare
- 5522 Medicaid
- 5523 Other government program adjustments
- 5524 Blue Cross
- 5525 Other contractual adjustments
- 5540 Charity Services
- 5550 Other Deductions
- 5551 Personnel adjustments
- 5555 Administrative and policy adjustments

Reclassification

Reclassification may be required if revenues associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than those listed above and if the amount is significant.

Reporting Classification

Revenue

Functional Reporting Center: Research
Account Code Number: 801

Definition

A functional reporting center for reporting expenses associated with all research activities that are specifically funded by internal or external sources.

Responsibility Centers Where Normally Recorded

8010 Research
8011 Research administrative office
8012 Hospital research projects
8013 Joint research projects
8014 Medical school research projects

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8010 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Nonphysician Education
Account Code Number: 802

Definition

A functional reporting center for reporting costs associated with state-approved schools for educating registered nurses and/or licensed practical nurses. Examples of job titles include director, assistant director, instructor, counselor, and assigned clerical personnel.

Representative Activities

Selecting qualified students; providing education in theory and practice conforming to approved standards; maintaining an education library and student personnel records; counseling students regarding their professional, personal, and educational problems; selecting faculty personnel; assigning and supervising students in on-the-job training; and administering aptitude tests and other tests for counseling and selection purposes.

Responsibility Centers Where Normally Recorded

- 8020 Nonphysician Education
- 8021 School of nursing—administrative office
- 8022 Registered nurse program
- 8023 Licensed vocational (practical) nurse program

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8020 and if the amount is significant.

Reporting Classifications

- Salaries and Wages
- Other Direct Expenses

Functional Reporting Center: Medical Staff Service and Education
Account Code Number: 803

Definition

A functional reporting center for reporting expenses associated with services to patients provided by physicians, including interns, residents, chiefs of service, nonspecialists, and assigned nonphysician employees. All remuneration for physicians' services should be reported under the *Physicians' Remuneration* classification for payment to (1) chiefs of service, (2) house officers, (3) interns and residents, and (4) all other physicians not assigned to a specific professional service department.

Representative Activities

Supervision of the medical staff, physicians' services to patients, and physician education.

Responsibility Centers Where Normally Recorded

8030 Medical Staff Service and Education
8031 Voluntary medical staff
8032 Paid medical staff
8033 Medical graduate education
8034 Interns
8035 Residents

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8030 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Physicians' Remuneration
Other Direct Expenses

Functional Reporting Center: Dietary Service
Account Code Number: 805

Definition

Procurement, storage, processing, and delivery of food and nourishments to patients, personnel, and visitors in compliance with public health regulations and physicians' orders, including service in the cafeteria and formula room and vending machine operations. Examples of job titles include dietitian, food service manager, baker, cook, butcher, checker, salad and dessert preparer, dishwasher, tray girl, busboy, counterman, clerk, and secretary.

Representative Activities

Teaching patients and their families about nutrition and modified diet requirements; determining patient food preferences in terms of type of food and method of preparation; preparing selective menus for various specific diet requirements; preparing or recommending a diet manual, approved by the medical staff, for use by physicians and nurses; and delivering and collecting food trays for meals and nourishments.

Responsibility Centers Where Normally Recorded

8050 Dietary Service
8051 Kitchen
8052 Patient food service
8053 Cafeteria

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8050 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Plant Operation and Maintenance Services
Account Code Number: 806

Definition

Maintenance and repair of buildings, grounds, parking facilities, and fixed equipment; maintenance and service of lighting, heating, air conditioning, and air treatment and removal systems; trash disposal; boiler operation and maintenance; security service; painting; elevator operation and maintenance; vehicle operation (except operation of ambulances) and maintenance; care of grounds; service and maintenance of water treatment facilities; and performance of minor renovations of buildings, fixed equipment, grounds, drainage systems, and utility transmission systems, including all such maintenance performed under contract. Examples of job titles include chief engineer, stationary engineer, carpenter, plumber, electrician, director of plant operations, foreman, elevator operator, painter, dispatcher, driver, groundskeeper, tool crib operator, plasterer, parking lot attendant, guard, incinerator man, mechanic, electromedical equipment repairman, clerk, and secretary.

Representative Activities

Technical assistance on equipment purchases and installations; coordinating construction; establishing priorities for repairs and utility projects; and operation, service, and repair of parking lots.

Responsibility Centers Where Normally Recorded

| | |
|------|--|
| 8060 | Plant Operation and Maintenance Services |
| 8061 | Plant maintenance |
| 8062 | Carpentry |
| 8063 | Plumbing |
| 8064 | Painting |
| 8065 | Electrical and refrigeration operations |
| 8066 | Automotive services |
| 8071 | Plant operation |
| 8072 | Grounds |
| 8073 | Boiler and power plant |
| 8074 | Parking |
| 8075 | Elevator operation |
| 8076 | Security |

Reclassification

Reclassification may be required if the expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8060 and if the amount is significant.

Reporting Classifications

Salaries and Wages
 Other Direct Expenses

Functional Reporting Center: Housekeeping Service
Account Code Number: 809

Definition

Care and cleaning of the interior physical plant, including care of floors (washing, waxing, and stripping), walls, ceilings, partitions, windows (inside and outside), furniture (stripping, disinfecting, and making beds), fixtures (excluding equipment), and furnishings, and emptying of room trash containers. This includes the costs of purchasing similar services from outside organizations. Examples of job titles include director of housekeeping services, chief housekeeper, supervisor, janitor, janitress, wall washer, window washer, clerk, and secretary.

Representative Activities

Providing pest and rodent control; gathering bacteriological surface samplings and carrying out pertinent infection control procedures; providing technical assistance in selection of furniture and furnishings; moving and relocating furniture; and arranging for refinishing, repairing, and upholstering or replacement of furniture.

Responsibility Center Where Normally Recorded

8090 Housekeeping Service

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8090 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Laundry and Linen Services
Account Code Number: 811

Definition

Picking up, sorting, issuing, distributing, mending, washing, and processing in-service linens including uniforms, special linens, and disposable linen substitutes. *Other Direct Expenses* classifications are required for linen purchases (including disposable linens) and for purchased laundry services. Examples of job titles include laundry manager or supervisor, foreman, extractor man, marker-sorter, washman, flatwork finisher, presser—hand, presser operator, shaker, tumbler operator, clerk, and secretary.

Responsibility Centers Where Normally Recorded

8110 Laundry and Linen Services
8111 Laundry service
8112 Linen service

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8110 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Fiscal Services
Account Code Number: 821

Definition

Management of hospital fiscal affairs, including accounting, purchasing, credit and collections, cashiering, admitting, electronic data processing, accounts receivable, accounts payable, plant asset records, and receiving. Examples of job titles include assistant administrator—finance, vice-president—finance, financial manager, controller, chief accountant, accountant, data processing manager, systems analyst, keypunch operator, bookkeeper, cashier, billing clerk, poster, programmer, operator, admitting officer, credit manager, clerk, secretary, and file clerk.

Responsibility Centers Where Normally Recorded

| | |
|------|------------------------|
| 8210 | Fiscal Services |
| 8211 | Fiscal services office |
| 8212 | General accounting |
| 8213 | Budget and costs |
| 8214 | Payroll accounting |
| 8215 | Accounts payable |
| 8216 | Plant and equipment |
| 8217 | Inventory accounting |
| 8221 | Patient accounting |
| 8231 | Data processing |
| 8241 | Admitting |
| 8251 | Cashiering |
| 8261 | Credit and collections |

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8210 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Other Direct Expenses

Functional Reporting Center: Administrative Services
Account Code Number: 831

Definition

Overall management of the institution, including the office of the administrative director, management fees, personnel, public relations, auxiliaries, communications, general storeroom, messenger services, industrial (management) engineering, employee health services, chaplaincy, governing board activities, and printing and duplicating. Examples of job titles include president, administrator, assistant or associate administrator, personnel director, public relations director, director of volunteers, industrial or management engineer, purchasing agent, storekeeper, stock clerk, chaplain, clerk, secretary, and printer.

Representative Activities

Salary and wage administration.

Responsibility Centers Where Normally Recorded

- 8310 Administrative Services
- 8311 Administrative office
- 8312 Governing board
- 8313 Auxiliary groups
- 8314 Chaplaincy services
- 8315 Public relations and development
- 8321 Management engineering
- 8331 Purchasing
- 8341 Communications
- 8351 Printing and duplicating
- 8361 Receiving and stores
- 8371 Personnel
- 8381 Employee medical services

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8310 and if the amount is significant.

Reporting Classifications

- Salaries and Wages
- Other Direct Expenses

Functional Reporting Center: Medical Care Evaluation
Account Code Number: 841

Definition

A functional reporting center for reporting costs incurred in providing peer review, quality assurance, utilization review, professional standards review, and medical care evaluation functions. Included are salaries and wages and other direct expenses such as professional fees, supplies, purchased services, and transfers.

Representative Activities

Conducting ongoing evaluation of the quality of care provided. This includes periodic review of utilization of bed facilities and of the diagnostic, nursing, and therapeutic resources of the hospital with respect to availability of these resources to all patients according to their medical needs, and recognition of the medical practitioner's responsibility for the costs of health care. This review should cover necessity of admission (including concurrent review of admission), length of stay, level of care, quality of care, utilization of ancillary services, professional services furnished, and availability and alternative use of out-of-hospital facilities and services. The review committee should include medical staff members, hospital administration representatives, nurses, and home health planners.

Responsibility Center Where Normally Recorded

8410 Medical Care Evaluation

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8410 and if the amount is significant.

Reporting Classifications

Salaries and Wages
Physicians' Remuneration
Other Direct Expenses

Functional Reporting Center: Depreciation, Leases, and Rentals
Account Code Number: 851

Definition

A functional reporting center for reporting depreciation on equivalent lease or rental costs for buildings and fixed equipment. *Other Direct Expenses* classifications are required for historical cost depreciation (including equivalent lease or rental cost) and price-level appreciation above historical cost, if applicable.

Responsibility Centers Where Normally Recorded

- 8510 Depreciation, Leases, and Rentals
- 8511 Depreciation and amortization—historical cost
- 8521 Depreciation and amortization—price-level adjustment
- 8541 Depreciation and amortization—gain or loss from disposal of assets
- 8561 Leases and rentals

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8510 and if the amount is significant.

Reporting Classification

Other Direct Expenses

Functional Reporting Center: Insurance Expenses
Account Code Number: 861

Definition

A functional reporting center for reporting all expenses associated with insurance not related to employee fringe benefits, including fire, theft, liability, property damage, automobile, boiler, and other forms of insurance.

Responsibility Center Where Normally Recorded

8610 Insurance

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8610 and if the amount is significant.

Reporting Classification

Other Direct Expenses

Functional Reporting Center: Licenses and Taxes (other than income taxes)
Account Code Number: 868

Definition

A functional reporting center for reporting all taxes, licenses, and fees that are not related to employee fringe benefits and that are incidental to the operation of the hospital, including property taxes, sales taxes, and use taxes on purchases.

Responsibility Center Where Normally Recorded

8680 Licenses and Taxes (other than income taxes)

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8680 and if the amount is significant.

Reporting Classification

Other Direct Expenses

Functional Reporting Center: Interest**Account Code Number: 869****Definition**

A functional reporting center for reporting all interest expenses of the hospital. Interest expense is to be divided and reported as either working capital or other interest.

Responsibility Centers Where Normally Recorded

8690 Interest
8691 Working capital interest
8695 Other interest

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8690 and if the amount is significant.

Reporting Classification

Other Direct Expenses

Functional Reporting Center: Other Operating Expenses
Account Code Number: 875

Definition

A functional reporting center for reporting other operating expenses.

Responsibility Centers Where Normally Recorded

- 8750 Other Operating Expenses
- 8751 Student housing
- 8752 Employee housing
- 8755 Physicians' offices and other rentals
- 8761 Medical photography and illustration

Reclassification

Reclassification may be required if expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than account 8750 and if the amount is significant.

Reporting Classifications

- Salaries and Wages
- Other Direct Expenses

Functional Reporting Center: Nonoperating Revenues and Expenses
Account Code Numbers: 903, 901

Definition

A functional reporting center for reporting nonoperating revenues and expenses.

Responsibility Centers Where Normally Recorded

| | |
|------------|---|
| 9030, 9010 | Nonoperating Revenues and Expenses |
| 9011 | Federal income tax—current |
| 9015 | Federal income tax—deferred |
| 9021 | State income tax—current |
| 9026 | State income tax—deferred |
| 9041 | General contributions |
| 9045 | Donated services |
| 9047 | Donated commodities |
| 9051 | Income and gains from general fund investments |
| 9055 | Unrestricted income from endowment funds |
| 9061 | Unrestricted income from other restricted funds |
| 9065 | Term endowment funds becoming unrestricted |

Reclassification

Reclassification may be required if revenues and/or expenses associated with activities assigned to this functional reporting center have been assigned to a responsibility center account or accounts other than accounts 9010 and 9030 and if the amount is significant.

Reporting Classifications

Revenue
 Other Direct Expenses

Index

A

- Account coding system. *See* Numerical coding system
- Accounting
 - accountability and full disclosure, 1
 - as information system, 1, 2
 - related to management process, 1-2
 - role in planning, 4
- Accounting concepts, 5-9
- Accounting conventions, 9-13
- Accounting entity
 - explained, 5-6
- Accounting information
 - aid to hospital management, 3
 - external requirements for, 1
 - for management accounting purposes, 3
 - need for uniformity, 3
 - for public reporting purposes, 3
 - for reimbursement purposes, 3
 - related to hospital objectives, 4
 - relevance, 2-3
 - reliability, 2
 - use for rate setting, 3
 - See also* Financial information; Statistical information
- Accounting period
 - related to matching revenues and expenses, 13
- Accounting policies
 - related to uniform reporting, 95-96
- Accounting principles, 5-13
 - defined, 5
- Accounting Principles Board, 7 n
- Accounting Principles Board and the Committee on Auditing Procedures of the American Institute of Certified Public Accountants (AICPA), *Opinions*, 5
- Accounting process
 - described, 5
- Accounting and reporting system, developed by American Hospital Association, 4
- Accounting reports
 - full disclosure, 6-7
 - method of depreciation accounting, 7-8
 - need for uniformity, 3
 - uses of, 3
- Accounting for revenue
 - distinguished from payment for service, 3
- Accounting system
 - checks and balances, 2
 - related to organization, 2
- Accounting Terminology Bulletin No. 4* (AICPA), 12
- Accrual accounting
 - importance, 55-56
 - for uniform reporting, 96
- Accrual basis of accounting
 - explained, 9
- Accumulated depreciation—historical cost
 - in chart of accounts, 25
 - explained, 47-48
- Accumulation of data
 - defined, 5
- Administrative services
 - functional reporting center, 140
- Administrative services (expense)
 - explained, 89-91
- Administrator
 - use of information, 4
- AICPA. *See* Accounting Principles Board and the Committee on Auditing Procedures of the American Institute of Certified Public Accountants

- American Hospital Association
 - accounting and reporting system, 4
 - endorsement of method of depreciation and fixed-asset accounting, 7
- Anesthesiology
 - functional reporting center, 124
- Anesthesiology (revenue and expense)
 - explained, 75-76

- B**
- Balance sheet
 - defined, 41
- Balance sheet accounts
 - in chart of accounts, 21-29
 - explained, 41-53
 - in numerical coding system, 15, 17, illus. 16
- Basic accounting concepts. *See* Accounting concepts
- Basis of valuation
 - accounting concept, 8
- Blue Cross Plans
 - requirements for accounting information, 1
 - See also* Reimbursement
- Board-designated funds
 - in chart of accounts, 21-29
 - described, 11
 - explained, 41-53
- Budget
 - flexibility, 2-3
- Burn care
 - functional reporting center, 109
- Burn care (revenue and expense)
 - explained, 68

- C**
- Cardiac care
 - functional reporting center, 110
- Cardiac care (revenue and expense)
 - explained, 68-69
- Central services
 - functional reporting center, 117
- Central services (revenue and expense)
 - explained, 72
- Central transportation (expense)
 - explained, 63
- Charity services (deductions from revenue)
 - explained, 81-82
- Chart of accounts
 - defined, 15
 - functional reporting, 17, 20
 - hospital requirements for, 15
 - numerical coding system explained, 15-20
 - outline for, 15-39
 - structure, 15
- Classification of expenses. *See* Natural classification of expenses
- Classification of revenues and expenses within functional reporting centers
 - accounting policy for, 97
- Clinic services
 - functional reporting center, 126
- Clinic services (revenue and expense)
 - explained, 76-77
- Coding system. *See* Numerical coding system
- Common activities
 - accounting policy for, 99
- Communication of data
 - defined, 5
- Conservatism
 - accounting concept, 6
- Consistency
 - accounting concept, 6
- Consistent expense distribution
 - accounting policy for, 97
- Consumer groups
 - requirements for accounting information, 1
- Continuity of activity
 - accounting concept, 6
- Contractual adjustments (deductions from revenue)
 - explained, 80-81
- Cost
 - defined, 12
 - See also* Expenses
- Current assets
 - in chart of accounts, 21-24
 - explained, 41-45
- Current liabilities
 - in chart of accounts, 25-27
 - explained, 48-51

D

- Deductions from patient service revenue
 - explained, 56
- Deductions from revenue
 - accounting for, 12
 - in chart of accounts, 36
 - explained, 80
 - functional reporting center, 131
 - types of, 12
- Deferred charges and other assets
 - in chart of accounts, 25
 - explained, 48
- Deferred credits and other liabilities
 - in chart of accounts, 27-28
 - explained, 51
- Definitions
 - of functional reporting centers, 101-47
- Depreciation charges
 - related to price-level changes, 7-8
- Depreciation, leases, and rentals
 - accounting policy for, 97
 - functional reporting center, 142
- Depreciation, leases, and rentals (expense)
 - explained, 91
- Dietary service
 - functional reporting center, 135
- Dietary service (expense)
 - explained, 84-85
- Donated assets
 - accounting valuation, 8
- Donor-imposed restrictions (on funds)
 - described, 10

E

- Electrocardiology. *See* Electrodiagnosis
- Electrodiagnosis
 - functional reporting center, 119
- Electrodiagnosis (revenue and expense)
 - explained, 73-74
- Electroencephalography. *See* Electrodiagnosis
- Electromyography. *See* Electrodiagnosis

- Electronic data processing
 - accounting policy for, 98
- Emergency services
 - functional reporting center, 116
- Emergency services (revenue and expense)
 - explained, 71-72
- Employee benefits (expense)
 - explained, 60-61, 92
- Endowment fund
 - accounting for, 10
 - in chart of accounts, 21-29
 - explained, 41-53
- Expense accounting
 - objective, 56
- Expense accounts
 - explained, 56
- Expenses
 - accounting for, 13
 - associated with responsibility centers, 56, 57
 - defined, 12-13, 56
 - See also* Revenue and expense accounts
- Expenses, classification of. *See* Natural classification of expenses
- Extended (long-term) and other care
 - functional reporting center, 111
- Extended (long-term) and other care
 - explained, 69-70

F

- Federal government
 - involvement in hospital reimbursement, 1
 - reports to, 3
- Financial Accounting Standards Board, 5, 7 n, 8
- Financial data. *See* Accounting information; Financial information
- Financial information
 - reporting, 3-4
 - utilization, 4
 - See also* Accounting information; Statistical information
- Financial manager
 - use of information, 4
- Financial Requirements of Health Care Institutions and Services*, American Hospital Association, 3

Fiscal and administrative services
 in chart of accounts, 37-38
 explained, 87-91

Fiscal services
 functional reporting center, 139

Fiscal services (expense)
 explained, 87-89

Float nursing personnel (expense)
 explained, 63

Fringe benefits
 accounting policy for, 97

Full disclosure
 accounting concept, 6-7

Functional reporting
 in chart of accounts, 17, 20
 defined, 3
 explained, 4
 for external reporting, 4
 related to chart of accounts, 20
See also Functional reporting
 centers; Uniform reporting
 centers

Functional reporting centers
 defined, 101-47
 establishment of, 95
 need for common definitions and
 descriptions, 95
 reclassification, 101-47
 related to responsibility centers, 20
 reporting classifications, 101-47
 representative activities, 101-47
 responsibility centers where
 normally recorded, 101-47
 use of, 99-100

Fund accounting, 10-11

Fund balances
 in chart of accounts, 28-29
 explained, 52-53

Funds held in trust by others
 accounting for, 11

G

General fund
 accounting for, 10-11

General funds
 in chart of accounts, 21-29
 explained, 41-53

General services
 in chart of accounts, 37
 explained, 84-87

General supplies (expense)
 explained, 61

Gifts. *See* Fund accounting

Governing board
 use of information, 4

Grants. *See* Fund accounting

Gross national product (GNP) Implicit
 Price Deflator, 7

H

Hemodialysis
 functional reporting center, 112

Hemodialysis (revenue and expense)
 explained, 70

Historical costs (of assets)
 related to price-level changes, 7-8

Home health care
 functional reporting center, 127

Home health care (revenue and
 expense)
 explained, 77

Hospital
 management by objectives, 1
 requirements for chart of accounts,
 15

Hospital accounting. *See* Accounting

Hospital administrator. *See*
 Administrator

Hospital Audit Guide, American
 Institute of Certified Public
 Accountants, 5

Hospital financial manager. *See*
 Financial manager

Hospital management
 effectiveness, 2
 need for accounting information, 1-2
 need for uniformity in reporting, 3
 use of accounting and statistical
 information, 4

Hospital organization
 related to accounting, 2

Hospital revenue. *See* Revenue;
 Revenue accounts

Housekeeping service
 functional reporting center, 137

Housekeeping service (expense)
 explained, 86-87

I

- In-service education
 - accounting policy for, 98
- Insurance
 - accounting policy for, 98
 - See also* Reimbursement
- Insurance (expense)
 - explained, 91
- Insurance expenses
 - functional reporting center, 143
- Intensive care
 - functional reporting center, 108
- Intensive care (revenue and expense)
 - explained, 66-68
- Internal control
 - defined, 2
- Interpretation of data
 - defined, 5
- Interest
 - functional reporting center, 145
- Interest (expense)
 - explained, 92
- Investments, pooled. *See* Pooled investments
- Investor-owned corporation (fund balances)
 - in chart of accounts, 28
 - explained, 53
- Investor-owned partnership (fund balances)
 - in chart of accounts, 29
 - explained, 53

K

Kidney dialysis. *See* Hemodialysis

L

- Labor and delivery services
 - functional reporting center, 114
- Labor and delivery services (revenue and expense)
 - explained, 70-71
- Laboratory services
 - functional reporting center, 118

- Laboratory services (revenue and expense)
 - explained, 72-73
- Laundry and linen services
 - functional reporting center, 138
- Laundry and linen services (expense)
 - explained, 87
- Licenses and taxes (other than income taxes)
 - functional reporting center, 144
- Licenses and taxes (other than income taxes)—(expense)
 - explained, 92
- Long-term debt
 - in chart of accounts, 28
 - explained, 52
- Long-term security investments
 - accounting valuation, 8-9
- Loss
 - defined, 13
 - See also* Expenses

M

- Management. *See* Hospital management
- Matching revenues and expenses
 - explained, 13
- Materiality
 - accounting concept, 7
- Material and supply inventories
 - valuation, 96
- Medical care evaluation
 - functional reporting center, 141
- Medical care evaluation (expense)
 - explained, 91
- Medical record and library services
 - functional reporting center, 129
- Medical records and library services (expense)
 - explained, 78
- Medical staff service and education
 - functional reporting center, 134
- Medical staff service and education (expense)
 - explained, 83-84
- Medical and surgical acute
 - functional reporting center, 102
- Medicare and Medicaid
 - requirements for accounting information, 1
 - See also* Reimbursement

N

- Natural classification of expenses
 - in chart of accounts, 30-31
 - explained, 58-62
 - related to numerical coding system, 58-62
- Newborn nursery acute
 - functional reporting center, 107
- Newborn nursery acute (revenue and expense)
 - explained, 65-66
- Nonphysician education
 - functional reporting center, 133
- Nonphysician education (expense)
 - explained, 82-83
- Nonphysician professional medical specialist remuneration
 - accounting policy for, 99
- Nonoperating revenues and expenses
 - in chart of accounts, 39
 - explained, 57, 93
 - functional reporting center, 147
- Not-for-profit hospitals (fund balances)
 - in chart of accounts, 28
 - explained, 52-53
- Nuclear medicine
 - functional reporting center, 122
- Nuclear medicine (revenue and expense)
 - explained, 75
- Numerical coding system
 - in chart of accounts, 15-20
 - for classifying transactions, 17, 20
 - explained, 15-20
 - in reclassification of accounts, 96
 - for recording transactions, 17-20
- Nurses' stations—medical and surgical acute (revenue and expense)
 - explained, 64
- Nursing administration
 - functional reporting center, 101
- Nursing administration (expense)
 - explained, 63
- Nursing and other professional services expense
 - explained, 56
- Nursing and other professional services—revenue and expense
 - in chart of accounts, 32-35
 - explained, 63-78

O

- Objective evidence
 - accounting concept, 6
- Obstetric (gynecologic) acute functional reporting center, 106
- Obstetric (gynecologic) acute (revenue and expense)
 - explained, 65
- Operating fund. *See* General fund
- Operating funds
 - in chart of accounts, 21-29
 - explained, 41-53
- Opinions*, Accounting Principles and the Committee on Auditing Procedures of the American Institute of Certified Public Accountants (AICPA), 5
- Organization. *See* Hospital organization
- Other adult and pediatric acute functional reporting center, 105
- Other adult and pediatric acute (revenue and expense)
 - explained, 65
- Other deductions (deductions from revenue)
 - explained, 82
- Other direct expenses (expense)
 - explained, 61-62
- Other operating expenses
 - functional reporting center, 146
- Other operating expenses (expense)
 - explained, 92
- Other operating revenues
 - in chart of accounts, 35-36
 - explained, 56, 78-80
 - functional reporting center, 130
- Other operating revenues (revenue)
 - explained, 78-80
- Other professional fees (expense)
 - explained, 61
- Other service expense centers
 - explained, 56
- Other services
 - in chart of accounts, 36-37
 - explained, 82-84

P

Patient service revenue accounting
purpose, 55

Patient service revenues
related to organizational units, 55

Payment for services
related to economic costs of
producing services, 3

Pediatric acute
functional reporting center, 103

Pediatric acute (revenue and expense)
explained, 64

Pharmacy
functional reporting center, 123

Pharmacy (revenue and expense)
explained, 75

Physicians' remuneration
accounting policy for, 98

Plant operation and maintenance
services
functional reporting center, 136

Plant operation and maintenance
services (expense)
explained, 85-86

Plant replacement and expansion fund
accounting for, 10
in chart of accounts, 21-29
explained, 41-53

Pledges
accounting for, 11

Pooled investments
accounting for, 11

Price-level changes
related to historical costs of
assets, 7-8

Price-level increments
related to depreciation of assets, 7-8

Principles of accounting for hospitals.
See Accounting principles

Professional fees—medical (expense)
explained, 61

Property, plant, and equipment—
historical cost
in chart of accounts, 24-25
explained, 45-47

Provision for bad debts (deductions
from revenue)
explained, 80

Psychiatric acute
functional reporting center, 104

Psychiatric acute (revenue and
expense)
explained, 64-65

Purchased services
accounting policy for, 98-99
explained, 61

Purchases of disposable and reusable
materials, forms, and supplies
accounting policy for, 96

R

Radiology—diagnostic
functional reporting center, 120

Radiology—diagnostic (revenue and
expense)
explained, 74

Radiology—therapeutic
functional reporting center, 121

Radiology—therapeutic (revenue and
expense)
explained, 74

Rate review and approval agencies
requirements for accounting
information, 1

Reclassification of accounts
allowing for, 96
functional reporting centers, 101-47
structure for, 95-96

Regulatory agencies
reports to, 3

Rehabilitation service
functional reporting center, 125

Rehabilitation service (revenue and
expense)
explained, 76

Reimbursement
government involvement, 1
by third parties, 1
See also Balance sheet accounts,
42-44, 50-51

Renal dialysis. *See* Hemodialysis

Repairs and maintenance
accounting policy for, 97

Reporting classifications
functional reporting centers, 101-47

Reporting format
structure of, 96

Reporting, functional. *See* Functional
reporting

Reporting requirements
internal vs. external, 3-4

- Representative activities
 - of functional reporting centers, 101-47
 - Research
 - accounting policy for, 98
 - functional reporting center, 132
 - Research (expense)
 - explained, 82
 - Respiratory services
 - functional reporting center, 113
 - Respiratory services (revenue and expense)
 - explained, 70
 - Responsibility centers
 - defined in terms of revenues and expenses, 55
 - as hospital organizational units, 17
 - See also* Functional reporting centers ; Revenue and expense centers
 - Responsibility reporting
 - defined, 3
 - explained, 4
 - for internal reporting, 4
 - Responsibility units. *See* Responsibility centers
 - Restricted funds
 - in chart of accounts, 21-29
 - described, 10
 - explained, 41-53
 - Revenue
 - accounting for, 11-12
 - associated with responsibility centers, 55, 57
 - defined, 11
 - monetary significance, 55
 - not from patient service, 55
 - See also* Revenue accounts ; Revenue and expense accounts
 - Revenue accounts
 - explained, 55-56
 - defined, 55
 - Revenue, deductions from. *See* Deductions from revenue
 - Revenue and expense accounts
 - in chart of accounts, 32-39
 - explained, 55-93
 - in numerical coding system, 17, illus. 18-19
 - Revenue and expense centers
 - as hospital organizational units, 17
 - See also* Responsibility centers
 - Revenue losses. *See* Deductions from revenue
 - Revenues and expenses
 - related to organization, 2
 - Routine and other professional services revenue
 - explained, 56
- S**
- Salaries and wages (excluding those of physicians and nonphysician medical specialists)
 - accounting policy for, 97
 - Salaries and wages (expense)
 - explained, 58-60
 - Services to other organizations (revenue)
 - explained, 80
 - Social services
 - functional reporting center, 128
 - Social services (revenue and expense)
 - explained, 77
 - Specific-purpose fund
 - accounting for, 10
 - in chart of accounts, 21-29
 - explained, 41-53
 - Speech therapy. *See under* Rehabilitation
 - Stable monetary unit
 - accounting concept, 7-8
 - Statement of revenues and expenses
 - summary of financial results of operations, 55
 - Statistical information
 - aid to hospital management, 3
 - need for uniformity, 3
 - related to hospital objectives, 4
 - reliability, 2
 - utilization, 4
 - See also* Accounting information ; Financial information
 - Statistical reports
 - need for uniformity, 3
 - uses of, 3
 - Student training programs
 - accounting policy for, 99
 - Supplies and materials, special departmental (expense)

explained, 61
Surgical services
functional reporting center, 115
Surgical services (revenue and
expense)
explained, 71

T

Third-party reimbursement. *See*
Reimbursement
Timing differences
as accounting convention, 9
Transportation of materials
accounting policy for, 98
Transportation of patients
accounting policy for, 98

U

Unassigned expenses
in chart of accounts, 38
explained, 91-93
Uniform reporting
accounting policy considerations,
96-99
criteria and considerations, 95-96
explained, 95-148
need for, 3
related to chart of accounts, 17
related to numerical coding system,
17, 20
related to responsibility centers, 20
U.S. Securities and Exchange
Commission, 7 n

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