

WASHINGTON STATE DEPARTMENT OF HEALTH

# Accounting and Reporting Manual for Hospitals Chapter 2000



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Accounting and Reporting Manual for Hospitals  
Accounting Principles and Concepts  
Chapter 2000

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# **Description Of Accounts Balance Sheet** **2300**

## **Unrestricted Fund Assets** **2310**

### **Current Assets** **2310.1**

- 1010 Cash**
  - 1011 General Checking Accounts
  - 1012 Payroll Checking Accounts
  - 1013 Other Checking Accounts
  - 1014 Imprest Cash Funds
  - 1015 Savings Accounts
  - 1016 Certificates of Deposit
  - 1017 Other Cash Accounts

These cash accounts are the amount of cash on deposit in banks and immediately available for use in financing unrestricted fund activities, amounts on hand for minor disbursements, and amounts invested in savings accounts and certificates of deposit.

- 1020 Marketable Securities**
  - 1021 Unrestricted Marketable Securities
  - 1022 Other Current Investments

Current securities, showed by certificates of ownership or indebtedness, will reflect in these accounts.

### **1030 Accounts and Notes Receivable**

Separate accounts may be maintained for different levels of inpatient care (i.e. acute and intensive, skilled nursing, etc.) and outpatient care (i.e. emergency room, clinic) if desired. Different levels are done by including digits to the right of the decimal.

You may also segregate notes receivable and accounts receivable. But there may be little gain from this practice, as the amount of notes receivable will usually be nominal. Therefore, such segregation is not required.

### **1031 Inpatient Receivables-unbilled**

This account will reflect all unbilled charges and credits (at the hospital's full established rates) for medical services rendered to patients admitted to the hospital.

### **1032 Inpatient Receivables- Discharged**

Include in this account all unpaid billings for medical services and supplies provided to inpatients. You can use the fifth and sixth digits (use Section 2020) to classify inpatient receivables by type of payer.

### **1033 Outpatient receivables**

Include in this account all unpaid billings for medical services and supplies provided to all outpatients.

**1040 Allowance for Uncollectable Receivables and Third Party Contractual Withholds**

- 1041 Allowance for Bad Debt
- 1043 Allowance for Contractual Adjustments-Inpatients
- 1044 Allowance for Contractual Adjustments-Outpatients
- 1045 Allowance for Charity Care Services
- 1047 Other Allowances

These are contra-asset accounts whose credit balances represent the estimated amount of uncollectable receivables from patients and third-party payers. For details on the computation of the related deductions from revenue, see the descriptions of the "Deductions from Revenue" accounts included in this chapter.

**1050 Receivables From Third Party Payers**

- 1051 Other Receivables- Third Party Cost Report Settlement

The balances of this account reflect the amount due from third party reimbursement programs based on cost reports submitted and/or audited. You should maintain sub-accounts for each year's settlement if more than one year's settlement is included in an account. Use the fifth and sixth digit to classify receivables by type of third-party reimbursement programs.

**1060 Pledges and Other Receivables**

- 1061 Pledges
- 1062 Allowance for Uncollectable Pledges
- 1063 Grants and Legacies
- 1064 Accrued Receivables
- 1065 Accounts & Notes Receivables- Staff, Employees, etc.
- 1067 Other Receivables

These accounts reflect other amounts due to the unrestricted funds for receivables other than patient services.

**1070 Due From Restricted Funds**

- 1071 Due From Plant Replacement and Expansion Funds
- 1072 Due From Specific Purpose Funds
- 1073 Due From Endowment Funds

The balances in these accounts reflect the amounts due from restricted funds to the "Unrestricted Fund." You should not interpret the balance of these accounts as a receivable in the same sense that a claim external to the hospital exists. Instead, you should view this balance as representing assets of the Unrestricted Fund which are currently accounted for as restricted funds.

**1080 Inventory**

- 1081 General

- 1082 Pharmacy
- 1083 Central Supply
- 1084 Dietary
- 1089 Other

These balances reflect the cost of unused hospital supplies. You may maintain perpetual inventory records and adjust periodically to physical count. The extent of inventory control and detailed record keeping will depend on the size and organizational complexity of the hospital. You should use the fifth and sixth digit to record inventories by cost center.

Hospitals may value their inventories by any generally accepted method, but the method used must be consistently applied each year.

**1090 Prepaid Expenses and Other Current Assets**

- 1091 Prepaid Insurance
- 1092 Prepaid Interest
- 1093 Prepaid Rent
- 1094 Prepaid Pension Plan Expense
- 1095 Prepaid Taxes
- 1096 Prepaid Service Contracts
- 1097 Deposits
- 1098 Other Prepaid Expenses
- 1099 Other Current Assets

These prepaid assets and other current asset accounts represent costs incurred. These costs incurred are properly chargeable to a future accounting period. These accounts also contain other current assets not included elsewhere.

**1100 Inter-Company Receivables**

This account is used to record amounts receivable from affiliated companies within one year. Use Account 1490 for amounts receivable after one year.

**Assets Limited as to Use**

**2310.2**

**1110 Board Designated Cash**

- 1111 Board Designated- Checking Accounts
- 1112 Board Designated - Savings Accounts
- 1113 Board Designated - Certificates of Deposit
- 1114 Other Cash Accounts

**1120 Board Designated Marketable Securities**

- 1121 Board Designated -Marketable Securities

- 1122 Board Designated - Other Current Investments

**1130 Board Designated Other Assets**

- 1131 Board Designated - Pledges Receivable
- 1132 Board Designated - Allowance for Uncollectable Pledges
- 1133 Board Designated - Investments in Real Property
- 1134 Board Designated - Other Investments

- 1135 Board Designated - Other Assets
- 1140 Proceeds Of Debt Issues**
- 1150 Other Assets Limited As To Use**

In these accounts include assets limited either by the governing board, trust agreement, or other third parties.

**Property, Plant, and Equipment** **2310.3**  
**1210 Land**

The balance of this account reflects the cost of land used in hospital operations. This account includes the:

- Cost of off-site sewer and water lines
- Public utility charges for servicing the land
- Governmental assessments for street paving and sewers
- Cost of permanent roadways and grading of a non-depreciable nature
- Cost of curbs and sidewalks whose replacement is not the responsibility of the hospital,
- Cost of other non-depreciable land expenditures

Unlike buildings and equipment, land does not deteriorate with use or the passage of time; therefore, no depreciation is accumulated.

- 1220 Land Improvements**
- 1221 Parking Lot
- 1222 Other

You can charge all land expenditures of a depreciable nature used in hospital operations to this account. This would include the cost of

- On-site sewer and waterlines
- Paving of roadways
- Parking lots, curbs, and sidewalks (if replacement is the responsibility of the hospital)
- Shrubbery, fences, and walls

- 1230 Buildings**
- 1231 Hospital Buildings
- 1234 Parking Structures
- 1235 Other

You should charge the cost of all buildings and subsequent additions used in hospital operations to this account. This account includes all architectural, consulting, and legal fees related to the acquisition or construction of buildings. The account also includes interest paid for construction financing which is a cost of the building.

**1240 Fixed Equipment- Building Services**

Building services equipment includes electrical, heating, refrigeration, plumbing, pumps, elevators, and call or paging systems and has the following general characteristics:

- Affixed to the building, not subject to transfer or removal
- A life of more than three years, but less than the building it is affixed to
- Used in hospital operations

### **1250 Fixed Equipment- Other**

Built-in bench, bin, cabinet, counter, shelving, sterilizer, sink, and drain board are examples of other fixed equipment and have the same general characteristics as described under Account 1240.

### **1260 Equipment**

#### **1261 Major Movable Equipment**

Equipment charged to this account have the following general characteristics:

- Ability to move, as distinguished from fixed equipment
- An approximately fixed location in the building
- A unit cost large enough to justify the expense incident to control by an equipment ledger
- Sufficient individuality and size to make control possible by identification tags
- A minimum life of, usually, three years or more
- Used in hospital operations.

Major movable equipment includes such items as automobiles and trucks, desks, beds, chairs, accounting machines, personal computers, sterilizers, operating tables, oxygen tents, and x-ray apparatus.

### **1262 Minor Equipment**

Equipment charged to this account has the following general characteristics:

- Generally not fixed location; subject to requisition or used by various departments of the hospital
- Relatively small size
- Subject to storeroom control
- Fairly large number in use
- A useful life of usually three years or less
- Used in hospital operations.

Minor equipment includes items such as wastebaskets, bed pans, syringes, catheters, basins, glassware, silverware, pots and pans, sheets, blankets, ladders, and surgical instruments.

### **1270 Leasehold Improvements**



You can charge all expenditures for the improvement of a leasehold used in hospital operations to this account.

**1280 Construction-In-Process (CIP)**

You should charge cost of construction that will be in progress for more than one month and used for hospital operations to this account. Upon completion of the construction program, this account should be credited, and the appropriate asset account(s) debited.

**1320 Accumulated Depreciation - Land Improvements**

1321 Parking Lots

1322 Other

**1330 Accumulated Depreciation - Buildings**

1331 Hospital Buildings

1334 Parking Structures

1335 Other

**1340 Accumulated depreciation-Fixed Equipment – Building Services**

**1350 Accumulated Depreciation - Fixed Equipment - Other**

**1360 Accumulated Depreciation - Equipment**

1361 Accumulated Depreciation - Major Movable Equipment

1362 Accumulated Depreciation - Minor Equipment

**1370 Accumulated Depreciation - Leasehold Improvements**

The balances in these accounts reflect the depreciation accumulated on the above-mentioned assets used in hospital operations. See Section 1123 and 1124 of this Manual for a discussion of acceptable depreciation methods.

**Investments and Other Assets**

**2310.4**

**1410 Investment in Property, Plant, and Equipment**

**1420 Accumulated Depreciation- Investments in Plant and Equipment**

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 that, including Medical Office Buildings. Property, plant, and equipment purchased from board designated funds for non-hospital operations will be included in these accounts.

**1440 Other Assets**

**Intangible Assets**

**2310.5**

**1450 Purchased Goodwill**

**1460 Unamortized Loan Cost**

**1470 Pre-Opening and Other Organization Costs**

**1480 Other Intangible Assets**

These accounts record intangible assets such as goodwill and organization costs. If such intangibles are amortized, the amortization may directly credit to the asset account or accumulated in a sub-account.

## **Affiliated Organizations**

### **1490 Intercompany Receivables**

This account records amounts receivable from affiliated organizations in a period after one year. Use Account 1100 for the recording of amounts receivable within one year.

## **Restricted Fund Assets**

## **Plant Replacement and Expansion Fund Assets**

**2320**

### **1510 Cash**

- 1511 Checking Accounts
- 1512 Savings Accounts
- 1513 Certificates of Deposit
- 1514 Other Cash Accounts

These accounts include cash donated for the replacement and expansion of plant assets.

### **1520 Investments**

- 1521 Marketable Securities
- 1522 Other Investments

The balance of these accounts reflects the cost of investments purchased with plant replacement and expansion fund cash. It also reflects the fair market value (at the date of donation) of securities donated to the hospital for the purpose of plant renewal or replacement.

### **1530 Receivables**

- 1531 Pledges Receivable
- 1532 Allowance for Uncollectable Pledges
- 1533 Grants, Legacies, and Bequests Receivable
- 1534 Interest Receivable
- 1535 Other Receivables

These accounts reflect receivable and allowance balances of this fund.

### **1540 Due From Other Funds**

- 1541 Due from Unrestricted Fund
- 1542 Due from Specific Purpose Fund
- 1543 Due from Endowment Fund

The balance in these accounts represent the amount due to the plant replacement and expansion fund from the other funds. These accounts represent assets of the plant replacement and expansion fund which are currently accounted for in other funds.

### **1550 Other Accounts (As Needed)**

## **Specific Purpose Fund Assets**

**2330**

- 1610 Cash
  - 1611 Checking Accounts
  - 1612 Savings Accounts
  - 1613 Certificates of Deposits
  - 1614 Other Cash Accounts

These accounts include cash donated for specific purposes, such as research and education.

- 1620 Investments
  - 1621 Marketable Securities
  - 1622 Other Investments

The balance of these accounts reflects the cost of investments purchased with specific purpose funds and the fair market value (at the date of donation) of securities donated to the hospital for specific purposes.

- 1630 Receivables
  - 1631 Pledges Receivable
  - 1632 Allowance for Uncollectable Pledges
  - 1633 Grants Receivable
  - 1634 Legacies and Bequests Receivable
  - 1635 Accrued Interest Receivable
  - 1636 Other Receivables

These accounts reflect receivable and allowance balances of this fund.

- 1640 Due From Other Funds
  - 1641 Due from Unrestricted Fund
  - 1642 Due from Plant Replacement and Expansion Fund
  - 1643 Due from Endowment Fund

The balance in these accounts represents the amount due to the specific purpose fund from the other funds. These accounts represent assets of the specific purpose fund which currently are accounted for in other funds.

- 1650 Other Accounts (As Needed)

## **Endowment Fund Assets**

**2340**

- 1710 Cash
  - 1711 Checking Accounts
  - 1712 Savings Accounts
  - 1713 Certificates of Deposits
  - 1714 Other Cash Accounts

These accounts include cash restricted for endowment purposes.

**1720 Investments**

- 1721 Marketable Securities
- 1722 Mortgages
- 1723 Real Property
- 1724 Accumulated Depreciation on Real Property
- 1725 Other Investments

The balance of these accounts reflects the cost of investments purchased with endowment fund cash and the fair market value (at the date of donation) of noncash donations to the hospital for endowment fund purposes.

**1730 Receivables**

- 1731 Legacies and Bequests
- 1732 Pledges
- 1733 Allowance for Uncollectable Pledges
- 1734 Interest Receivable
- 1735 Rent Receivable
- 1736 Dividends Receivable
- 1737 Trust Income Receivable
- 1738 Other Receivables

These accounts reflect receivable and allowance balances of this fund.

**1740 Due From Other Funds**

- 1741 Due from Unrestricted Fund
- 1742 Due from Plant Replacement and Expansion Fund
- 1743 Due from Specific Purpose Fund

The balance of these accounts represents the amount due to the endowment fund from the other funds. These accounts represent assets of the endowment fund which currently are accounted for in other funds.

**1570 Other Accounts (As Needed)**

**Unrestricted Fund Liabilities**

**2350**

**Current Liabilities**

**2350.1**

**2010 Notes and Loans Payable**

- 2011 Notes and Loans Payable - Vendors
- 2012 Notes and Loans Payable - Banks
- 2013 Construction Loans - Interim Financing
- 2014 Other Notes and Loans Payable

These accounts reflect liabilities of the hospital to vendors, banks, and others, showed by promissory notes due and payable within one year.

**2020 Accounts Payable**

- 2021 Trade Payables
- 2022 Other Accounts Payable

The balance of these accounts must reflect the amounts due to trade creditors and others for supplies and services purchased.

**2030 Accrued Compensation and Related Liabilities**

- 2031 Accrued Payroll
- 2032 Accrued Vacation, Holiday, and Sick Pay
- 2033 Other Accrued Salaries and Wages Payable
- 2034 Federal Income Taxes Withheld
- 2035 Social Security Taxes Withheld and Accrued
- 2036 Workers' Compensation Payable
- 2037 Unemployment Taxes Payable
- 2038 Other Payroll Taxes and Deductions Payable

The balances of these accounts reflect the actual or estimated liabilities of the hospital for salaries and wages payable. They also reflect related amounts payable for payroll taxes withheld from salaries and wages, payroll taxes paid by the hospital, and other payroll deductions, such as hospitalization insurance premiums.

You may include amounts payable to Mother houses, etc., for the services of unpaid workers in "Other Accrued Salaries and Wages Payable" (Account 2033).

**2040 Other Accrued Expenses**

- 2041 Interest Payable
- 2042 Rent Payable
- 2043 Property Taxes Payable
- 2044 Fees Payable - Medical Specialists
- 2045 Fees Payable - Other
- 2046 Other Accrued Expenses Payable

These accounts include the amounts of current liabilities that have accumulated at the end of the month or accounting period for expenses, incurred up to that time, with no received invoices or other billings.

**2050 Advances From Third Party Payers**

In these accounts include liabilities to third party payers for current financing and other types of advances due and payable within one year. Do not include liabilities to third party payers arising from reimbursement settlements. You must include such liabilities in the 2060 - 2069 series of accounts - "Payable to Third Party Payers."

**2060 Payable To Third Party Payers**

- 2061 Reimbursement Settlement Due

These accounts reflect reimbursement settlements due to third party payers. You should maintain separate sub-accounts in each account for each year's settlement included. Use the fifth and sixth digit to classify by type of third-party reimbursement program.

**2070 Due To Restricted Funds**

- 2071 Due to Plant Replacement and Expansion Fund
- 2072 Due to Specific Purpose Fund
- 2073 Due to Endowment Fund

These accounts reflect the amounts due to other funds by the unrestricted fund. Under no circumstances should you interpret these accounts as payables in the sense that an obligation external to the hospital exists.

**2080 Income Taxes Payable**

- 2081 Federal Income Taxes Payable

In these accounts include the amount of current income taxes payable.

**2090 Other Current Liabilities**

- 2091 Deferred Income - Patient Deposits
- 2092 Deferred Income - Tuition and Fees
- 2093 Deferred Income - Other

Deferred income includes received or accrued income applicable to services rendered within the next accounting period and/or the current year's effect of deferred income items classified as long-term liabilities. Deferred income applicable to accounting periods extending beyond the next accounting period should be included as "Other Long-Term Liabilities" (Account 2270) or "Deferred Credits." (Accounts 2120-2130)

- 2094 Dividends Payable
- 2095 Bank Overdrafts
- 2096 Due to Related Party
- 2097 Construction Retention Payable
- 2098 Construction Contracts Payable
- 2099 Other Current Liabilities

In these accounts include the amount of unrestricted fund current liabilities for special accounts not provided elsewhere.

**2100 Intercompany Payables**

This account records amounts due to affiliated companies in a period within one year. Use Account 2260 to record amounts due after one year.

**Deferred Credits**

**2350.2**

**2110 Deferred Income Taxes**

- 2111 Deferred Taxes Payable

**2120 Deferred Third Party Revenue**

- 2121 Deferred Revenue

This account reflects the effects of any timing differences between book and tax or third-party reimbursement accounting. See the Timing Differences section of this Manual (Section 1110) for further details.

- 2130 Other Deferred Credits
  - 2131 Other Deferred Items

This account should reflect all deferred credits not specifically identified elsewhere.

**Long-Term Debt** **2350.3**

- 2210 Mortgages Payable
- 2220 Construction Loans - Interim Financing (over one year)
- 2230 Notes Payable
- 2240 Capitalized Lease Obligations
- 2250 Bonds Payable
- 2260 Intercompany Payables

This account records amounts due to affiliated companies in a period after one year. Use Account 2100 for the recording of amounts due within one year.

**2270 Other Long-Term Liabilities**

These accounts reflect liabilities that have maturity dates extending more than one year beyond the current year end. For reporting purposes, the portion of these liabilities payable within one year must be reclassified and reflected as "Current Maturities of Long-Term Debt" on reports to the Department.

## Restricted Fund Liabilities

### Plant Replacement and Expansion Fund Liabilities

**2360**

- 2510 Due To Unrestricted Fund
- 2520 Due To Specific Purpose Fund
- 2530 Due To Endowment Fund

These accounts reflect the amounts due to other funds by the plant replacement and expansion fund.

### Specific Purpose Fund Liabilities

**2370**

- 2610 Due To Unrestricted Fund
- 2620 Due To Plant Replacement and Expansion Fund
- 2630 Due To Endowment Fund

These accounts reflect the amounts due to other funds by the specific purpose funds.

## Endowment Fund Liabilities

**2380**

**Long-Term Liabilities** **2380.1**

- 2710 Mortgages

## 2720 Other Long-Term Liabilities

These accounts reflect liabilities on endowment fund assets that existed at the time the assets were received by the hospital or were incurred after receipt of these assets, based upon the endowment agreement.

### Due to Other Funds 2380.2

- 2730 Due To Unrestricted Fund
- 2740 Due To Plant Replacement and Expansion Fund
- 2750 Due To Specific Purpose Fund

These accounts reflect the amounts due to other funds by the endowment fund.

## Fund Balances 2390

### Not-for-Profit 2390.1

Unrestricted fund balances represent the difference between the total of unrestricted fund assets and unrestricted fund liabilities (i.e., the net assets of the unrestricted fund).

You should maintain separate sub-accounts within the unrestricted fund balance for fund balance, capital outlay, and donated property, plant, and equipment. Additional sub-accounts may be maintained if desired. You should credit the capital outlay account for the cost of capital items purchased directly by the unrestricted fund or transfers 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 donated property, plant, and equipment account. At the end of the year, you should close these accounts to the fund balance account.

- 2570 **Restricted Funds - Plant Replacement and Expansion**
  - 2571 Fund Balance
  - 2572 Capital Outlay
  - 2573 Transfers to Unrestricted Fund for Operating Purpose
- 2670 **Restricted Funds - Specific Purpose**
  - 2671 Fund Balance
  - 2672 Capital Outlay
  - 2673 Transfers to Unrestricted Fund for Operating Purpose
- 2770 **Restricted Funds - Endowment**
  - 2771 Fund Balance
  - 2772 Capital Outlay
  - 2773 Transfers to Unrestricted Fund for Operating Purpose

The credit balances of these accounts represent the net amount of each restricted fund's assets available for its designated purpose. You must credit these accounts for all income earned on restricted fund assets, as well as gains on the disposal of such assets. However, if such items are treated as unrestricted fund income (considering legal requirements and donor intent), then the



restricted fund balance account should be charged, and the due to unrestricted fund account credited, for such income.

## **Investor-Owned Corporation** **2390.2**

- 2410 Preferred Stock**
- 2420 Common Stock**
- 2430 Additional Paid-In Capital**
- 2440 Retained Earnings - Unrestricted**
- 2450 Treasury Stock**
- 2570 Restricted Funds - Plant Replacement and Expansion**
  - 2571 Fund Balance
  - 2572 Capital Outlay
  - 2573 Transfers to Unrestricted Fund for Operating Purpose
- 2670 Restricted Funds - Specific Purpose**
  - 2671 Fund Balance
  - 2672 Capital Outlay
  - 2673 Transfers to Unrestricted Fund for Operating Purpose
- 2770 Restricted Funds - Endowment**
  - 2771 Fund Balance
  - 2772 Capital Outlay
  - 2773 Transfers to Unrestricted Fund for Operating Purpose

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

## **Investor-Owned Partnership** **2390.3**

- 2410 Capital - Unrestricted**
- 2420 Partners' Draw**
- 2570 Restricted Funds-Plant Replacement and Expansion**
  - 2571 Fund Balance
  - 2572 Capital Outlay
  - 2573 Transfers to Unrestricted Fund for Operating Purpose
- 2670 Restricted Funds - Specific Purpose**
  - 2671 Fund Balance
  - 2672 Capital Outlay
  - 2673 Transfers to Unrestricted Fund for Operating Purpose
- 2770 Restricted Funds - Endowment**
  - 2771 Fund Balance
  - 2772 Capital Outlay
  - 2773 Transfers to Unrestricted Fund for Operating Purpose

The total of these accounts represent the net assets of the partnership.

# **Description Of Accounts - Income Statement 2400**

## **Revenue Accounts 2410**

The descriptions of the revenue accounts in the next section are brief. This is because detailed descriptions of the functions or types of activities included in each cost center are included in the cost center descriptions which follow.

You must record the revenue relative to these functions and activities in the revenue account matching the cost center in which the costs are recorded. For example, charges for services provided in the "Pharmacy" cost center (7170) must be recorded in "Pharmacy" revenue (4170). Therefore, you achieve a matching of revenues and expenses within each cost center.

### **Daily Hospital Services Revenue 2410.1**

The gross revenues, in terms of the hospital's full established rates, earned from daily patient service rendered must be credited to the following accounts. You must record these revenues at the hospital's full established rates, regardless of the amounts actually collected.

Daily hospital services include regular room, board, and nursing services, minor medical supplies, and the use of certain items of hospital equipment for which a separate charge is not made.

<b>3010</b>	<b>Intensive Care</b>
<b>3030</b>	<b>Semi-Intensive Care</b>
<b>3070</b>	<b>Acute Care</b>
<b>3100</b>	<b>Alternative Birthing Center</b>
<b>3120</b>	<b>Physical Rehabilitation Care</b>
<b>3140</b>	<b>Psychiatric</b>
<b>3150</b>	<b>Chemical Dependency Services</b>
<b>3170</b>	<b>Nursery</b>
<b>3200</b>	<b>Skilled Nursing</b>
<b>3210</b>	<b>Swing Bed</b>
<b>3330</b>	<b>Hospice Care Center</b>
<b>3400</b>	<b>Other Daily Hospital Services (Specify)</b>

### **Ancillary Service Revenue 2410.2**

The following accounts record the gross revenues earned for hospital services rendered to patients by organized units. You must record these revenues at the hospital's full established rates, regardless of the amount actually collected.

<b>4010</b>	<b>Labor And Delivery Services</b>
<b>4020</b>	<b>Surgical Services</b>
<b>4030</b>	<b>Recovery Room</b>
<b>4040</b>	<b>Anesthesiology</b>
<b>4050</b>	<b>Central Service</b>
<b>4060</b>	<b>Intravenous Therapy Services</b>

- 4070 Laboratory
- 4110 Electrodiagnosis
- 4120 Magnetic Resonance Imaging
- 4130 Ct Scanning Services
- 4140 Radiology - Diagnostic
- 4150 Radiology - Therapeutic
- 4160 Nuclear Medicine
- 4170 Pharmacy
- 4180 Respiratory Services
- 4190 Dialysis
- 4200 Physical Therapy
- 4220 Psychiatric Day Care
- 4230 Emergency Room
- 4240 Ambulance
- 4250 Short Stay Unit
- 4260 Clinics

When clinic patients receive professional services from other cost centers, such as those from the laboratory or from the pharmacy, the revenue earned from these services must be recorded in the revenue accounts provided for such services (i.e., laboratory or pharmacy revenue).

- 4310 Occupational Therapy
- 4320 Speech Pathology
- 4330 Recreation Therapy
- 4340 Electromyography
- 4350 Observation Unit
- 4380 Free-Standing Clinic Services
- 4390 Air Transportation
- 4400 Home Care Services
- 4410 Lithotripsy
- 4420 Organ Acquisition
- 4430 Outpatient Chemical Dependency Services
- 4490 Other Ancillary Services

## Tax Revenue

**2410.3**

### 5110 State Appropriation

This account includes funds appropriated to the hospital by the State legislature for a specific purpose (i.e., graduate medical education).

### 5120 Operations and Maintenance Tax Levy

You should credit this account annually with the amount of property taxes levied for operating purposes. Credit all amounts receivable for taxes levied for maintenance and operation of the hospital to the account.

### 5130 General Obligation Bond-Principal

You should credit this account should annually with the amount of property taxes levied for principal on general obligation bonds. Taxation for bond redemption and interest will need to be allocated between Accounts 5130 and 5140.

If taxation for bond redemption and interest is not sufficient to cover both principal and interest, the deficit should be reflected in Account 5140, "General Obligation Bond - Interest." However, if there is any excess of taxation over the current need for principal and interest payments, the excess shall be reflected in Account 5130, "General Obligation Bond - Principal."

**5140 General Obligation Bond-Interest**

You should credit this account annually with the amount of property taxes levied for interest on general obligation bonds. The credit balance in this account should not exceed the amount in cost center 8870.95, "Interest - General Obligation Bonds."

**5190 Other**

**Other Operating Revenue**

**2410.4**

**5220 School Of Nursing Tuition**

**5270 Educational Revenue**

**5280 Transfers From Restricted Funds For Education Expense**

These accounts record the revenue from the school of nursing, licensed practical nurse program, medical postgraduate, paramedical education, student housing, and other educational activities.

**5330 Non-Patient Food Sales**

This account is for the revenues earned in the hospital cafeteria for meals served to employees and others.

**5350 Laundry And Linen Revenue**

You should credit this account for revenues earned by providing laundry services to other organizations (both related and unrelated).

**5360 Social Services Revenue**

You should credit this account for any revenue derived from social service activities.

**5370 Non-Patient Supply Sales**

This account records revenue from sales of supplies to non-patients. Revenue from the sale of supplies to patients must be recorded in the Central Service revenue center (Account 4050).

**5380 Employee Housing Revenue**

This account records revenue from room (or cot) rentals provided for employees.

**5390 Non-Patient Drug Sales**

This account records revenue from sales of drugs to non-patients. You must record revenue from the sale of drugs to patients in the Pharmacy revenue center (Account 4170).

**5420 Purchasing Services Revenue**

You should credit this account for revenues earned by providing purchasing services to other organizations (both related and unrelated).

**5450 Parking Revenue**

This account should record amounts received from visitors, employees, and others in payment of parking privileges.

**5460 Janitorial And Maintenance Services Revenue**

You should credit these accounts for revenues earned by providing janitorial and maintenance services to other organizations (both related and unrelated).

**5510 Interest On Funds Held By Trustees**

You should credit this account with any interest earned on hospital funds in the possession of a trustee, unless such credit would be contrary to the disposition of earned interest specified in the trust agreement.

**5520 Telephone And Telegraph Revenue**

You should credit amounts received from patients, employees, and others in payment of hospital telephone and telegraph services to this account.

**5540 Data Processing Services Revenue**

You should credit this account for revenues earned by providing data processing services to other organizations (both related and unrelated).

**5550 Donated Commodities**

This account should record donated medicines, linen, office supplies, and other materials normally purchased by a hospital at fair market value. You should make an offsetting debit to the appropriate inventory account or cost center.

**5560 Cash Discounts on Purchases**

This account should record the amounts of cash discounts on purchases taken by the hospital. Trade discounts, however, shall be treated as reductions in the cost of items purchased.

**5570 Sales Of Scrap and Waste**

This account should record the revenue from the sale of miscellaneous scrap and waste.

**5580 Rebates And Refunds**

You should use this account to record the revenue from rebates and refunds of expense.

**5590 Vending Machine Commissions**

You should credit commissions earned by the hospital from coin-operated telephones and vending machines to this account.

**5600 Medical Records/Abstract Sales**

You credit this account for medical records transcript and abstract fees.

**5610 Other Commissions**

This account should record commissions earned by the hospital, other than commissions from coin-operated telephones and vending machines.

**5620 Television/Radio Rentals**

This account should record the revenue from television and radio rentals, when the activity is hospital conducted.

**5630 Non-Patient Room Rentals**

This account records revenue from room (or cot) rentals charged to non-patients.

**5640 Management Services Revenue**

You should credit this account for revenues earned by providing management services to other organizations (both related and unrelated).

**5650 Interest On Accounts Receivable**

You should credit this account with revenue derived from interest, finance charges or penalties on accounts receivable.

**5660 Child Care Services Revenue**

This account reflects revenue obtained for providing day care services to children. This may also include day care for ill children.

**5670 Community Health Education Revenue**

This account reflects revenue obtained from the provision of health education to residents of the community. An example of health education would be a seminar put on by the hospital on a health-related topic.

**5680 Other Operating Revenue (specify)**

You should credit the accounts listed below with other operating revenue not included elsewhere, including non-patient revenue earned by revenue producing cost centers.

- 5681 Donations
- 5682 Grants
- 5683 Joint Venture Revenue
- 5684 Local Taxes
- 5685 Outpatient Pharmacy
- 5686 Parking
- 5687 Quality Incentive Payments
- 5688 Reference Laboratories
- 5689 Rental Income

**5690 Retail Cafeteria**

5691 Other Noncategorized Revenues

**5790 Transfers From Restricted Funds for Other Operating Expenses (specify)**

This account reflects the amounts of transfers from restricted funds to the unrestricted fund to match expenses incurred in the current period by the unrestricted fund for restricted fund activities.

**Deductions from Revenue**

**2410.5**

**5810 Contractual Adjustments - Medicare**

**5820 Contractual Adjustments - Medicaid**

**5830 Contractual Adjustments -Workers' Compensation**

5831 Labor and Industries

5832 Self-Insured

**5840 Contractual Adjustments-Other Government Programs**

5841 Crippled Children's Services (CCS)

5842 Vocational Rehabilitation

5843 CHAMPUS

5844 Indian Health Services

5845 Children's Health Insurance Program (CHIP)

5849 Other

These accounts must be charged with the differential (if any) between the amount, based on the hospital's full established rates, of charges for hospital services which are rendered to patients covered by the contracting agency during the reporting period, and the amount received and to be received from third party agencies in payment of such charges. These charges include adjustments made at year end, based upon cost reports submitted.

For example, if during the year a hospital follows the practice of debiting the contractual adjustment account for the amount of the retention on interim payments, the following adjustments would be necessary at year end to properly reflect 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 for contractual adjustments.
2. The contractual adjustments account must be adjusted to reflect cost reimbursement settlement, with the offsetting debit or credit going to the appropriate receivables from third party payers account or payable to third party payers.

You would also reflect prior period contractual adjustments normally in these accounts rather than in the Fund Balance or Retained Earnings accounts. If the hospital receives more than its established rates from an agency, then you credit the differential to these accounts.

In any instance, of course, when the difference between a patient's bill and the payment received by the hospital from these third-party agencies is recoverable from the patient, the differential is

retained in Accounts Receivable until it is paid or until it is deemed to be a bad debt and is written off.

### **5850 Contractual Adjustments - Negotiated Rates**

You must report the differential between the amount, based on the hospital's full established rates, of charges for hospital services rendered to a patient covered by a negotiated rate, and the amount received based on the terms of the negotiated in this account. You must use a separate sub-account (5851, 5852, etc.) to report the contractual **adjustment related to each negotiated rate**.

### **5860 Contractual Adjustments - Other**

#### **5900 Charity Care- Inpatient**

#### **5910 Charity Care- Outpatient**

The FASB Accounting Standards Codification (ASC) Master Glossary states that "charity care represents health care services that are provided but are not expected to result in cash flows. Charity care is provided to a patient with demonstrated inability to pay." In Washington, Chapter 70.170 RCW and Chapter 246-453 WAC establish the criteria for charity care provision.

The accounts noted above must be charged with the differential between the amount, based on the hospital's full established rates, of charity care patients' bills for hospital services and the amount (if any) to be received from such patients in payment for such services. This differential should be credited directly to the appropriate accounts receivable account, rather than to an allowance account, as such charity care discounts are readily determinable. See discussion of charity care policies in Section 1410 of this Manual.

When the hospital receives lump-sum grants or subsidies (rather than specific payments for individual patients') from governmental or voluntary agencies for the care of medically indigent patients, you should credit the amount of the lump-sum grant or subsidy to "Restricted Donations for Indigent Care" (Account 5960).

To distinguish properly between patients whose uncollectable bills should be considered as charity care write offs and patients whose uncollectable bills should be considered as bad debts, all patients should be classified at the time of admittance, or as soon after as is possible, as being charity care (full or partial) or paying patients. There may be some instances in which, because of complications unforeseen at the time of admission, the charges made to a patient turn out to considerably greater than anticipated, and the patient is unable to pay the full amount.

Under these circumstances the patient would be reclassified as a charity care patient, and the charges attributable to the unforeseen complications would be considered charity care service. You should treat uncollectable charges made to patients classified as paying patients, except for contractual adjustments, and administrative adjustments, as credit losses (i.e. as bad debts).

### **5970 Administrative Adjustments**

You must charge or credit this account for write offs of immaterial debit or credit balances in patients' accounts in which the cost of billing or refunding exceeds the amount of the account balance.



## 5980 Other Deductions from Revenue (Specify)

You must credit other deductions from revenue not included elsewhere to this account.

# Expense Accounts

**2420**

## Daily Hospital Service Expense

**2420.1**

### 6010 Intensive/Coronary Care

Function: An intensive/coronary care unit provides patient care of a more intensive nature than that provided to the usual medical, surgical, pediatric and neo-natal patient. The units are staffed with specially trained nursing personnel and contain monitoring and specialized support equipment for patients who, because of shock, trauma, heart seizure, or threatening conditions, require intensified comprehensive observation and care. Additional activities may include, but are not limited to, the following:

- Serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleaning wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; infusing fluids, including I.V.'s and blood; administering specified medication; answering of patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing intensive daily nursing care to intensive/coronary care patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased service, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Patient Days  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

### 6030 Semi-Intensive Care

Function: Semi-intensive care is the delivery of nursing care to patients less acutely ill than those requiring intensive care, but more acutely ill than those requiring acute care. The unit is staffed with specially trained nursing personnel and contains monitoring and observation equipment for intensified, comprehensive observation and care. Additional activities may include, but are not limited to, the following:

- Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleaning wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing

patients for reactions to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to semi-intensive care patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

### **6070 Acute Care**

Function: The acute care units provide nursing care to patients on the basis of physicians' orders and approved nursing care plans. Additional activities may include, but are not limited to, the following:

- Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleaning wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reactions to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to medical/surgical acute care patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

### **6100 Alternative Birthing Center**

Function: An alternative birthing center is a room using a licensed bed for labor and delivery that is decorated in a homelike manner that allows the birthing parent with a normal or low risk pregnancy to have greater choice of the procedures used. The room generally is spacious enough for the birthing parent and others to be involved, and the newborn remains in the room after

delivery. Specialized equipment and emergency drugs may also be available for use. Additional activities include, but not limited to, the following:

- Comforting patients in labor, delivery, and recovery; maintaining aseptic techniques; cleaning up after deliveries; instructing mothers in postnatal care of the newborn; monitoring vital life signs; preparing and operating specialized equipment related to this function; observing and recording emotional stability of patients; observing patients for reaction to drugs; administering specified medication; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to alternative birthing center patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Patient Days  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. Do not count newborn days or deliveries in this statistic.

## **6120 Physical Rehabilitation Care**

Function: Physical rehabilitation care is the provision of 24-hour rehabilitation care to patients needing physical or corrective treatment of bodily conditions based on physicians' orders and approved nursing and rehabilitation care plans. Physical rehabilitation care is less intensive than acute care but more intensive than skilled nursing care. The center is staffed with nursing personnel specially trained to care for patients needing rehabilitation services and contains specialized support equipment. Additional activities include, but are not limited to, the following:

- Serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital signs; operating specialized equipment; assisting in bathing patients and helping into and out of bed; observing patients reaction to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside rehabilitation nursing care to patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Patient Days  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

## 6140 Psychiatric

Function: Psychiatric units provide nursing care to patients admitted for diagnosis as well as treatment based on physicians' orders and approved nursing care plans. The units are staffed with nursing personnel specially trained to care for people with a mental illness. Additional activities may include, but are not limited to, the following:

- 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 and specialized treatments such as crisis intervention and drug interaction; and representative activities listed under acute care.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to psychiatric patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

## 6150 Chemical Dependency Services

Function: This cost center consists of two components, detoxification and rehabilitation.

- **Detoxification** is the provision of primary nursing care, based on a written recovery or treatment plan of intervention and action, for inpatients for whom the primary diagnosis is physical or psychological dependence or addiction to alcohol or drugs, and for patients who exhibit symptoms of physical withdrawal.
- **Rehabilitation** provides medical and nutritional therapy, psychotherapy and professional counseling and educational programs, based on a written treatment plan, intervention, or action, for patients for whom the primary diagnosis is physical or psychological dependence or addiction to alcohol or drugs, and for their immediate families. The professional rehabilitation team usually includes a medical consultant, chemical dependency therapist, social worker, clinical psychologist, and occupational and recreational therapists.

Additional activities may include, but are not limited to:

- Serving and feeding patients; collecting sputum, urine, and feces samples; monitoring vital signs; operating specialized equipment; assisting in bathing patients and helping into and out of bed; observing patients reaction to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

While the chemical dependency recovery care program may include day care and after care components, these are not included in this cost center but are reported in the Outpatient Chemical Dependency cost center (Account 7430).

Description: This cost center contains the direct expenses incurred in providing daily detoxification and rehabilitation services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

### **6170 Nursery**

Function: Daily nursing care for normal newborn infants, premature infants not requiring extraordinary care (infants born after the 37th week of gestation), and boarder babies is provided in nursery units on the basis of physicians' orders and approved nursing care plans. Additional activities may include, but are not limited to, the following:

- Feeding infants; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings and cleaning wounds and incisions; bathing infants; observing infants for reaction to drugs; infusing fluids, including I.V.'s and blood; administering specified medication.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to nursery patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Newborn Patient Days**  
Report patient days of care for all infant patients (including "boarder babies") admitted to this unit. Include the day of admission but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one newborn patient day. Do not count or include newborn days for infants delivered and retained in the alternative birthing center or labor-delivery room unless those infants are transferred to the nursery.

### **6200 Skilled Nursing**

Function: Skilled nursing care is provided to patients based on physicians' orders and approved nursing care plans and consists of care in which the patients require convalescent and/or restorative services at a level less intensive than acute care requirements. This center is sometimes referred to as extended care. You should maintain sub-accounts for different types of patients or payers. Additional activities may include, but are not limited to, the following:

- Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleaning wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reactions to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to patients requiring extended skilled nursing care. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Patient Days  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

### **6210 Swing Beds**

Function: The swing bed revenue center records the revenue, direct expense, patient days and FTE's "carved out" of acute care cost centers for long term care services.

Description: The expenses in this cost center are not directly recorded but are transferred from the acute care cost centers based on the revenue generated for swing bed services. Since direct expense is set equal to revenue in this method, you do not allocate cost allocations, deductions from revenue, or capital allowance to this revenue center. This cost center contains only those revenues and expenses related to long term inpatient care. Under no circumstances are ancillary services recorded in this revenue center.

- Standard Unit of Measure: Patient Days

### **6330 Hospice Inpatient Services**

Function: Hospice care is the provision of inpatient palliative care to individuals who are diagnosed as afflicted with a terminal condition as well as support and care of the family of the terminally ill individual during and immediately following death. This cost center is staffed with nursing personnel (including volunteers) specially trained to care for terminally ill patients requiring acute symptom management. Additional activities include, but are not limited to, the following:

- Monitoring vital signs; observing and recording emotional stability of patients; observing patients for reaction to drugs; administering specified medication; infusing fluids, including blood and I.V.'s; answering of patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily hospice care. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

#### **6400 Other Daily Hospital Services**

Function: Other daily hospital services provide care to patients based on physicians' orders and approved nursing care plans. Included are those direct expenses incurred in maintaining daily hospital services not required to be included in other specific daily hospital service cost centers. This category includes transitional care services provided to patients who are not sick enough to remain as inpatients of the hospital, but are not ready to care for themselves, until transfer to an intermediate care facility or skilled nursing home is possible. Additional activities may include, but are not limited to, the following:

- Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleaning wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reactions to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description: This cost center contains the direct expenses incurred in providing daily bedside nursing care to other daily hospital service patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Patient Days**  
Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

#### **Ancillary Service Expense** **7010 Labor and Delivery**

**2420.2**

Function: Labor and delivery includes the services provided by specifically trained nursing personnel to patients in labor and delivery. This includes prenatal care in labor, assistance in delivery, postnatal care in recovery, and minor gynecologic procedures, if performed in the delivery suite. Additional activities may include, but are not limited to, the following:

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

Description: This cost center contains direct expenses incurred in providing care to patients in labor, delivery, and recovery rooms. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Procedures**  
Report multiple births as one procedure. Include Caesarean sections only when performed in the delivery room. You should include caesarean sections performed in the surgical suite in the surgical services statistics. Stillbirths are counted as procedures. Infants born outside the hospital building are not classified as a procedure unless care was rendered in labor and delivery. Do not count deliveries in the Alternative Birthing Center. Whenever obstetrical and gynecological procedures (i.e., abortions, D & C's, etc.) are performed in labor and delivery, each procedure is counted. The number of procedures should be an actual count obtained from medical records.

## **7020 Surgical Services**

Function: Surgical services are provided by specifically trained nursing personnel who assist physicians in the performance of surgical procedures during surgery. Additional activities may include, but are not limited to, the following:

- Comforting patients in the operating room; maintaining aseptic techniques; scheduling operations in conjunction with surgeons; assisting surgeon during operations; preparing for operations; cleaning up after operations to the extent of preparation for pickup and disposal of used linen, gloves, instruments, utensils, equipment, and waste; assisting in preparing patients for surgery; inspecting, testing, and maintaining special equipment related to this function; preparing patient for transportation to recovery room; counting of sponges, needles, and instruments used during operation; enforcing of safety rules and standards.

Description: This cost center contains the direct expenses incurred in providing surgical services to patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Operating Minutes**  
Operating minutes is the difference between starting time and ending time defined as follows:



- Starting time is the beginning of general anesthesia (or surgery if general anesthesia is not administered).
- Ending time is the end of surgery.

### **7030 Recovery Room**

Function: Specifically trained nursing personnel provide recovery room services immediately following surgery, including monitoring of patients while recovering from anesthesia. Additional activities may include, but are not limited to the following:

- Comforting patients in the recovery room, maintaining aseptic techniques, monitoring of vital life signs, operating of specialized equipment related to this function, administering specified medication, observing patient's condition until all effects of the anesthesia have passed, preparing patient for transportation to acute care or intensive care units.

Description: This cost center contains the direct expenses incurred in monitoring of patient while recovering from anesthesia. Direct expenses include salaries and wages; employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Recovery Room Minutes  
Recovery room minutes are the difference between time of admission to recovery room and time of discharge from the unit.

### **7040 Anesthesiology**

Function: Anesthesia services are rendered in the hospital by, or under the direction of, either a physician trained in anesthesia or the operating surgeon. Additional activities may include, but are not limited to, the following:

- Recording kind and amount of anesthetic administered; conducting physical examination 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 post-anesthetic complication; accompanying patient to recovery room or intensive care units; prescribing pre-anesthesia and post-anesthesia medications; establishing and carrying out safeguards for administration of anesthetics.

Description: This cost center contains the direct expenses incurred in administering anesthetics under the direction of a physician. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Anesthesia Minutes  
Anesthesia minutes are defined as the difference between starting time and ending time defined as follows:
  - Starting time is the beginning of general anesthesia.

- Ending time is the end of general anesthesia.

The number of minutes of anesthesiology includes only actual anesthesia minutes related to administration of general anesthesia and does not include time related to surgery performed under local anesthesia, or with no anesthesia.

## **7050 Central Services**

Function: Central services prepares and issues medical and surgical supplies and equipment to patients and to other cost centers. Additional activities may include, but are not limited to, the following:

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

Description: This cost center contains the direct expenses incurred in preparing and issuing medical and surgical supplies and equipment to patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased service, depreciation, rental and lease, and other direct expenses.

You should transfer the invoice cost of non-chargeable supplies and equipment issued to other cost centers to the using cost centers, preferably on a monthly basis. If a central materials management department, which provides the joint function of purchasing, stores, and central services and supplies, is maintained, the costs of the department shall be reclassified to central services and purchasing.

- Standard Unit of Measure: Number of Line Items Sold  
An item description on a requisition form is reported as one line item regardless of the quantity the item description represents. Items returned for credit should not be counted. Non-chargeable items issued to other departments (or returned from other departments) should not be included in the count. Only items billed to patients should be counted.

## **7060 Intravenous Therapy Services**

Function: Intravenous therapy services include preparation of solutions and administration of intravenous (IV) therapy as prescribed by physicians. These functions are performed by specially trained personnel who initiate therapy, and monitor and evaluate acceptance and reaction to therapy during administration.

Description: This cost center contains the direct expenses incurred in maintaining an intravenous therapy team. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Line Items Sold (do not count additives separately)  
An item description on a requisition form is reported as one line item regardless of the quantity the item description represents. Items returned for credit should not be

counted. Non-chargeable items issued to other departments (or returned from other departments) should not be included in the count. Only items billed to patients should be counted.

## **7070      Laboratory**

Function: This laboratory performs diagnostic and routine laboratory tests for the diagnosis and treatment of hospital inpatients and outpatients. Blood transfusion services are also included in this laboratory. Additional activities include, but are not limited to the following:

- Transporting patients to and from the laboratory facility; transporting specimens for testing, 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.

Description: This cost center contains the direct expenses incurred in the performance of laboratory tests and blood banking services necessary for diagnosis and treatment of patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Billable Test  
"Total" tests are for measuring productivity and "billable" tests are for measuring costs and setting rates. Tests units for quality controls, standards, and repeats are included in "total" units but excluded from "billable" units. In contrast to repeats, replicates (duplicates) are not counted. Specimen collection is assigned a separate unit value for each procedure and is reported in "billable" units. You should also report tests for laboratory services obtained from outside laboratories.

## **7110      Electrodiagnosis**

Function: The electrodiagnosis department operates specialized equipment to record electromotive variations in actions of the heart muscle on an electrocardiograph for diagnosis of heart ailments, the measuring of impulse frequencies and differences in electrical potential. This happens between various areas of the brain on an electroencephalograph to obtain data for use in diagnosis of brain disorders, or the study of the impact of electrical phenomena on internal functioning of the patient. Additional activities may include, but are not limited to, the following:

- Escorting patients into treatment rooms, wheeling portable equipment to patient's bedside; explaining test procedures to patient; operating electrodiagnostic equipment; inspecting, testing, and maintaining special equipment; and attaching and removing electrodes from patient.

Description: This cost center contains the direct expenses incurred in performing electrodiagnostic examinations. Direct expenses include salaries and wages, employee benefits,

professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Billable Tests**  
"Total" tests are for measuring productivity and "billable" tests are for measuring costs and setting rates. Tests units for quality controls, standards, and repeats are included in "total" units but excluded from "billable" units. In contrast to repeats, replicates (duplicates) are not counted. Specimen collection is assigned a separate unit value for each procedure and is reported in "billable" units. You should also report tests for services obtained from outside sources.

### **7120 Magnetic Resonance Imaging (MRI)**

**Function:** MRI is a method of diagnostic imaging which was the principle of nuclear magnetic resonance spectroscopy to develop images of body parts and to monitor the body's chemistry. MRI employs magnetic and radio-frequency fields to extract biochemical information about the area under study. MRI services include taking, processing, examining, and interpreting the image. Qualified technicians perform the service, and radiologist examine and interpret the image.

**Description:** This cost center contains the direct expenses incurred in providing MRI services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure:** Magnetic resonance imaging relative value units per procedure code and modifier

**Unit Value Modifiers:**

- Modifier codes -22 and -52 may be added when the services provided are greater than or less than those usually required for the listed procedure.
- **22 Unusual services:** When the services provided are greater than those usually required for the listed procedure, identify by adding this modifier (-22) to the usual procedure number. List modified value. May require report.
- **52 Reduced values:** Under certain circumstances, the listed value is reduced or eliminated because of ground rules, common practice, or at the physician's election (e.g., a physician may elect to reduce the listed values in a patient with multiple injuries requiring extensive radiographic examination). Under these or similar circumstances, the services provided can be identified by their usual procedure numbers and a reduced value indicated by adding this modifier (-52) to the procedure number. Use of this modifier provides a means of reporting services at reduced charge without disturbing usual relative values.

### **7130 Computed Tomographic (CT) Scanning Services**

The CT scanning function provides CT scans on cross-sectional images of the head or other parts of the body.

Description: This cost center should contain the direct expenses incurred in providing CT scans. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Head Equivalent CT Units (HECTs)  
The National Electrical Manufacturers Association, with the cooperation of the American College of Radiology, developed a weighted CT scanning unit in which the various types of studies are expressed as multiples of the time taken for a simple, unenhanced scan of the head, using the acronym HECT (for head equivalent CT unit).

**Head equivalent CT units (HECTs) are as follows:**

Head study without contrast	1.00
Head study with contrast	1.25
Dual head study (with and without contrast)	1.75
Body study without contrast	1.50
Body study with contrast	1.75
Dual body study (with and without contrast)	2.75

**7140 Radiology - Diagnostic**

Function: This department provides diagnostic radiology services as required for the examination and care of patients under the direction of a qualified radiologist. Diagnostic radiology services include the taking, processing, examining and interpreting of radiographs and fluorographs. Ultrasonography and echocardiography services are also included in this cost center. Additional activities may include, but are not limited to, the following:

- Consultation with patients and attending physician; radioactive waste disposal; storage of radioactive materials.

Description: This cost center contains the direct expenses incurred in providing diagnostic radiology services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Relative Value Units  
Radiology RVU are determined by Relative Value Studies, Inc. and listed in the manual "Relative Values for Physicians," latest edition, published by Optum Insight, Inc. The units counted are the Technical Component units, which are the Total Component (TC) units less the Professional Component (PC) units. RVU's for unlisted Relatively Not Established (RNE) and By Report (BR) procedures should be reasonably estimated based on other comparable procedures or estimated by qualified personnel. You may obtain the above publication from the following website [www.optumcoding.com](http://www.optumcoding.com) or by calling 1-800-464-3649, Option 1.

**7150 Radiology - Therapeutic**

Function: This department provides therapeutic radiology services as required for the care and treatment of patients under the direction of a qualified radiologist. Therapeutic radiology services

include therapy by radium and radioactive substances. Additional activities may include, but are not limited to, the following:

- Consultation with patients and attending physician; radioactive waste disposal; storage of radioactive materials.

Description: This cost center contains the direct expenses incurred in providing therapeutic radiology services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Relative Value Units (RVU)**  
Radiology RVU are as determined by Relative Value Studies, Inc. and listed in the manual "Relative Values for Physicians," latest edition, published by Optum Insight, Inc. The units counted are the Technical Component units, which are the Total Component (TC) units less the Professional Component (PC) units. RVU's for unlisted Relatively Not Established (RNE) and By Report (BR) procedures should be reasonably estimated based on other comparable procedures or estimated by qualified personnel. You may obtain the above publication from the following website [www.optumcoding.com](http://www.optumcoding.com) or by calling 1-800-464-3649, Option 1.

## **7160 Nuclear Medicine**

Function: The nuclear medicine department provides diagnosis and treatment by injectable or ingestible radioactive isotopes required for the care and treatment of patients under the direction of a qualified physician. Additional activities may include, but are not limited to, the following:

- Consultation with patient and attending physician; radioactive waste disposal; storage of radioactive materials.

Description: This cost center contains the direct expenses incurred in providing nuclear medicine services to patients. Direct expenses include salaries and wages, employee benefits, professional fees, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: RVU's**  
Radiology RVU's are determined by Relative Value Studies and listed in the manual "Relative Values for Physicians" (latest edition) published by Optum Insight, Inc. The units counted are the Technical Component units, which are the Total Component (TC) units less the Professional Component (PC) units. RVU's RNE's and BR procedures should be reasonably estimated based on other comparable procedures or estimated by qualified personnel. You may obtain the above publication from [www.optumcoding.com](http://www.optumcoding.com) or by calling 1-800-464-3649, Option 1.

## **7170 Pharmacy**

Function: The pharmacy department procures, preserves, stores, compounds, manufactures, packages, controls, assays, dispenses, and distributes medications for inpatients and outpatients under the jurisdiction of a licensed pharmacist. Pharmacy services include the maintaining of

separate stocks of commonly used items in designated areas. Additional activities may include, but are not limited to, the following:

- Development and maintenance of formulary(s) established by the medical staff; consultation and advice to medical staff and nursing staff on drug therapy; determining incompatibility of drug combinations; stocking of floor drugs and dispensing machines.

Description: This cost center contains the direct expenses incurred in maintaining a pharmacy under the jurisdiction of a licensed pharmacist. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

The cost of non-chargeable supplies and equipment issued to other cost centers should be transferred to the using cost centers, preferably on a monthly basis.

- **Standard Unit of Measure: Number of Line Items Sold**  
An item description on a prescription or requisition form is reported as one line item regardless of the quantity the item description represents. Do not count items returned for credit. Do not include non-chargeable items issued to other departments (or returned from other departments) in the count. Only count items billed to patients.

## **7180 Respiratory Services**

Function: Respiratory therapy is the administration of oxygen and other forms of therapy through inhalation prescribed by a physician. Personnel specially trained to initiate, monitor, and evaluate patient reactions to the therapy perform this function. Additional activities may include, but are not limited to, the following:

- Setting-up and operating various types of oxygen and other therapeutic gas and mist inhalation equipment; transporting of therapy equipment to patient's bedside; observing and instructing patient during therapy; visiting all assigned respiratory therapy cases to ensure physician's orders are being carried out; inspecting and testing of therapy equipment; enforcing safety.

Description: This cost center contains the direct expenses incurred in the administration of oxygen and other forms of therapy through inhalation. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Treatments**  
If a patient is on continuous (24-hour cycle) ventilator treatment or oxygen administration, only count one treatment per patient day, regardless of billing structure. If a patient is receiving therapy and taken off, then placed back on therapy again, then count two treatments. Do not count a treatment for the set-up charge since this is not considered a procedure. Do not count and report the number of hours of treatment. Administering oxygen would be reported as one per day (24-hour cycle) regardless of service time.

## 7190 Dialysis

Function: Dialysis is the process of cleaning the blood by use of an artificial kidney machine or similar device or the introduction of dialysate into the peritoneal cavity where it is left for several hours to remove body waste products from the blood. Additional activities may include, but are not limited to, the following:

- Wheeling portable equipment to patient's bedside; counseling and teaching the patient and the family in management of dialysis procedures; operating dialysis equipment; inspecting; testing; and maintaining special equipment.

Description: This cost center contains the direct expenses incurred in the dialysis department. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Hours of Treatment  
The number of hours of treatment is the difference between the starting time and the ending time (rounded to the nearest  $\frac{1}{2}$  hour) defined as follows:
  - Starting time is the time when the physician or paramedic assumes control of the dialysis treatment.
  - Ending time is the time when the physician or paramedic relinquishes control of the dialysis treatment.

## 7200 Physical Therapy

Function: The physical therapy cost center provides patient evaluation and therapeutic activities, therapeutic exercises, manual therapy, neuromuscular re-education, patient education, and home visits. The cost center provides patient evaluations by performing and interpreting tests and measurements of cardiovascular, neuromuscular, and musculoskeletal functions and establishes treatment programs. Treatment is administered using therapeutic exercise, massage, mechanical devices and therapeutic agents which employ the physical, chemical, and other properties of air, water, electricity, sound, and light. Specific evaluative and therapeutic activities provided by this cost center include, but are not limited to, the following:

- Application of manual and electrical muscle and range of motion measurement; evaluation and fitting of prosthetic, orthotic, and other assistive devices, functional testing and training; perceptual and sensory evaluations; planning and executing therapeutic exercise programs for increasing strength, endurance, coordination, and range of motion; gait analysis and training; instruction and counseling of patients and families.

Description: This cost center contains the direct expenses incurred in maintaining a physical therapy program. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Treatments



Count each modality or procedure provided to a patient as one treatment. When a combination of modalities and procedures are provided, the count includes the total of the individual modalities and procedures. For example, If a combination of three modalities and one procedure are provided, the count (number of treatments) would be four. Do not report the number of hours of therapy services.

## **7220 Psychiatric Day Care**

Function: The psychiatric day care cost center provides intermittent care to patients either during the day with the patient returning to their home each night or during the evening and night hours with the patient performing their usual daytime functions. Personnel specially trained to provide care on the basis of psychiatrists' or psychologists' orders provide the services. Additional activities may include, but are not limited to, the following:

- Observing and recording emotional stability of patients; observing patients for reaction to drugs; administering specified medication; keeping patients' rooms (personal effects) in order; supervision of counseling and therapy programs.

Description: This cost center contains the direct expenses incurred in operating a psychiatric day care center. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Visits  
One visit is each day/night registration of a patient in a formally organized psychiatric day care unit of the hospital. Multiple services performed in the psychiatric day care unit during a single registration are recorded as one visit.

## **7230 Emergency Room**

Function: The emergency room provides emergency treatment to the ill and injured who require immediate medical or surgical care on an unscheduled basis. Additional activities may include, but are not limited to, the following:

- Lifting and placing patient into and out of ambulance; comforting patients; maintaining aseptic conditions; assisting physicians in performance of emergency care; monitoring of vital life signs; applying or assisting physician in applying bandages; coordinating the scheduling of patients through required professional service functions.

Primary care includes the normal range of diagnostic tests and medical procedures ordinarily provided in the physician's office. There is increasing reliance on hospital emergency and out-patient departments by individuals seeking primary care because of insufficient supply of general practitioners in the community or the need for services outside the physician's normal office hours.

Description: This cost center contains the direct expenses incurred in providing emergency treatment to the ill and injured, and primary care. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased service, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Visits**  
One visit is each registration of a patient in the emergency services unit of the hospital. A visit is counted whether the patient is admitted to the hospital after the emergency room visit or is treated and released from the emergency room. Record multiple services performed in the emergency services unit during a single registration as one visit. Services provided to emergency patients in ancillary cost centers are not included here but are included in the applicable ancillary cost center.

## **7240 Ambulance**

**Function:** This department provides ambulance service to the ill and injured who require immediate medical attention on an unscheduled basis. Additional activities may include, but are not limited to, the following:

- Lifting and placing patient into and out of an ambulance; transporting patients to and from the hospital; first aid or emergency treatment administered by a physician or paramedic prior to arrival at the hospital.

**Description:** This cost center contains the direct expenses incurred in providing ambulance service to the ill and injured. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Occasions of Service**  
Count ambulance service provided to a patient as one occasion of service. For example, the administration of oxygen, first aid and the pick-up and delivery of the patient would count as one occasion of service.

## **7250 Short Stay Unit**

**Function:** A short stay unit is a formally organized department/service of the hospital, but the beds are not included in the total licensed capacity. Short stay patients are patients who are scheduled to be in and out of the hospital within the same day (or night). It also includes ambulatory surgery, blood transfusions, observation for shock or drug reactions, and other programs where the procedure or treatment requires less than 24 hours. Outpatient recovery, psychiatric day care, dialysis, and alternative birthing center may be included here when an overnight stay is not required, and the hospital does not have separate service centers for these services.

**Description:** This cost center contains the direct expenses incurred in maintaining a short stay unit. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Short Stay Outpatients.**

## **7260 Clinics**

**Function:** Clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Additional activities may include, but are not limited to, the following:

- Participating in community activities designed to promote health education; assisting in administration of physical examinations and diagnosing and treating ambulatory patients having illnesses which respond quickly to treatment; referring patients who require prolonged or specialized care to appropriate other services; assigning patients to doctors in accordance with clinic rules; assisting and guiding volunteers in their duties, making patients' appointments through required professional service functions.

Description: These cost centers contain the direct expenses incurred in providing clinic services to ambulatory patients. Separate cost centers should be maintained for each organized clinic. For example, a separate cost center should be maintained for each of the following clinics when such services are provided to patients (e.g., dental clinic, ENT clinic, allergy clinic, psychiatric clinic, etc.) Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Visits  
Enter all visits to medical clinics. Count each visit as one. For example, when a patient visits dental, ENT, and allergy, the count is three. Visits made by patients to departments such as laboratory and radiology are not included here.

### **7310 Occupational Therapy (OT)**

Function: OT, under the supervision and planning of a registered occupational therapist, provides services to clients for the development, improvement, restoration, or compensation for the performance of necessary functions which are impaired by living circumstances, congenital deficiency, illness, and/or injury.

These services include the use of evaluation, selection and use of modalities, instruction, supervision and/or consultation services, all to increase the client's ability to perform those daily tasks necessary for independent living.

Treatment, including one to one and group, is individualized to produce a significant practical improvement in an individual's level of functioning within a reasonable period of time.

If the hospital maintains a combined "Other Physical Medicine" department, which provides one or more of the rehabilitation therapies (i.e., occupational therapy, speech pathology, recreation therapy, electromyography), the expenses of that department should be reported in this cost center.

Description: This cost center contains the direct expenses incurred in maintaining an OT program. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Treatments  
Count each procedure for which a charge is made as one treatment.

### **7320 Speech Pathology**

Function: The speech pathology cost center provides and coordinates services to persons with impaired functional communication skills. This includes the evaluation and management of any existing disorders of the communicative process centering entirely or in part on the reception and production of speech and language related to organic and/or non-organic factors.

Professional services provided by this cost center are grouped into a minimum of three major areas:

1. Diagnostic Assessment and Evaluation – This includes clinical appraisal of speech, voice, and language competencies,
2. Standardized Rehabilitative Treatment – This includes planning and conducting treatment programs, on an individual or group basis, to develop, restore or improve communicative efficiency of persons disabled in speech, voice, and/or language.
3. Continuing Evaluation/Periodic Reevaluation – This includes both standardized and informal procedures to monitor progress and verify current status. Such activities may be coordinated with medical evaluation and treatment of hospitalized patients.

Additional activities include, but are not limited to, the following:

- Preparation of written diagnostic, evaluative and special reports; provision of extensive counseling and guidance to communicatively-handicapped individuals and their families; and maintaining specialized equipment utilized in evaluation and treatment, such as auditory training instruments and speech-production prostheses.

Description: This cost center contains the direct expenses incurred in maintaining a speech pathology program. Direct expenses include salaries and wages, employee benefits, professional fees, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Treatments  
Count each modality or procedure for which a separate charge is made as one treatment.

### **7330 Recreational Therapy**

Function: Recreational therapy services include the employment of sports, dramatics, arts and other recreational programs to stimulate the patients' recovery rate. Additional activities may include, but are not limited to, the following:

- Conducting and organizing instrumental and vocal musical activities and directing activities of volunteers in respect to these functions.

Description: This cost center contains the direct expenses incurred in maintaining a program of recreational therapy. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Treatments

Count each procedure for which a separate charge is made as one treatment.

### **7340 Electromyography**

Function: This department operates specialized equipment to record electrical potential variations on an electromyograph for diagnosis of muscular and nervous disorders. Additional activities may include, but are not limited to, the following;

- Escorting patients into treatment rooms, wheeling portable equipment to patient's bedsides; explaining test procedures to the patient, operating electromyography equipment; inspecting, testing, and maintaining special equipment; and attaching and removing electrodes from patients.

Description: This cost center contains the direct expenses incurred in performing electromyographic examinations. Direct expenses include salaries and wages, benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Procedures

### **7350 Observation Care**

Function: Observation care is a formally organized outpatient service of the hospital, which is provided in unlicensed beds. Patients in this cost center are those scheduled to be in and out of the hospital within the same day (or night). This also includes ambulatory surgery, blood transfusions, observation for shock or drug reaction, and other programs where the procedure or treatment requires less than 24 hours.

If these services are provided in a licensed bed the associated costs and charges must be reclassified to this unit based on a per diem calculation. The per diem is calculated using general inpatient routine cost per diem times the total number of observation care days. Observation care days are determined by dividing the total number of observation hours of care provided in licensed beds by 24.

Description: This cost center contains the direct expenses incurred in providing observation care. Included as direct expenses are: salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Observation Hours  
The number of hours that the patient is receiving observation care rounded to the nearest whole hour.

### **7380 Free-Standing Clinic Services**

Function: Free-standing clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients at locations other than on the hospital grounds. Free-standing clinics operate under the hospital's license. Additional activities include, but are not limited to, the following:

- Participating in community neighborhood activities designed to promote health education; assisting in administration of physical examinations and diagnosing and treating ambulatory patients having illnesses which respond quickly to treatment; referring patients who require prolonged or specialized care to appropriate other services; assigning patients to doctors in accordance with clinic rules; assisting and guiding volunteers in their duties; making patients' appointments through required professional service functions.

Description: This cost center contains the direct expense incurred in providing services to patients in a free-standing clinic. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Visits  
One visit is each registration of a patient in a formally organized free-standing clinic of the hospital. Record multiple services performed in each formally organized clinical unit during a single registration (e.g., encounters with two or more physicians, two or more occasions of service or any combination of one or more encounters and occasions of service) as one visit.

### **7390 Air Transportation**

Function: This department provides transportation by aircraft to the ill and injured who require immediate medical attention on an unscheduled basis. Additional activities may include, but are not limited to, the following:

- Lifting and placing patient into and out of the aircraft, transporting patients to and from the hospital, advanced life support administered by a physician, nurse, or paramedic prior to arrival at the hospital.

Description: This cost center contains the direct expenses incurred in providing air transportation service to the ill and injured. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Occasions of Service  
Count air transportation service provided to a patient as one occasion of service. For example, the administration of oxygen and first aid and the pick-up and delivery of the patient would count as one occasion of service.

### **7400 Home Health Care Services**

Function: Home care services are the provision of medical, nursing, social, and related health services to patients at their place of residence. Activities of each of the following functions may be performed for patients outside the hospital; nursing care, intravenous therapy, respiratory therapy, electrocardiology, physical therapy, occupational and recreational therapy, speech pathology, social services, dietary, and housekeeping. Therapy services must be functionally

reported in the appropriate ancillary cost center unless the therapy services are organized as a part of the home health agency.

Description: This cost center contains the direct expenses incurred in providing health related services to patients at their place of residence. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, travel to and from the patients' residence, and other direct expenses.

- **Standard Unit of Measure: Number of Home Health Care Visits**  
The number of home health care visits should be the number of home care patients visited at their place of residence by representatives of the home care program. If multiple visits occur on the same day, count each visit to the patient's place of residence as one visit.

#### **7410 Lithotripsy**

Function: Lithotripsy is a non-invasive technique for the treatment of patients suffering from kidney stones. This technique disintegrates kidney stones by shock waves introduced from outside into the body.

Description: This cost center contains the direct expenses incurred in providing lithotripsy services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Treatments**

#### **7420 Organ Acquisition**

Function: This department acquires, stores, preserves, and provides all human body organs required for transplant surgery. Functions include, but are not limited to, locating available organs, matching donor and recipients, surgical removal of organs, and transportation and preservation of the organ until transplant. The cost of the actual transplant would not be included in this cost center, but would be included in Surgery and other appropriate cost centers.

Description: This cost center contains the direct expenses incurred in acquiring, storing, preserving, and providing human body organs for transplant surgery. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Organs Acquired**

#### **7430 Outpatient Chemical Dependency**

Function: This cost center primarily provides service on an outpatient basis to those patients that have been released for the inpatient chemical dependency unit but may also include those services typically provided in an inpatient setting. This cost center may also provide a program specifically directed to outpatients. Additional activities include, but are not limited to, the following:

- Observing patients for reaction to drugs; administering specified medication; group therapy; and outpatient treatment plans.

Description: This cost center contains the direct expenses incurred in providing outpatient chemical dependency recovery care to patients and their immediate families. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Visits  
Include any visits provided free of charge after discharge from the Chemical Dependency inpatient service.

#### **7490 Other Ancillary Services**

Function: This cost center contains the direct expense incurred in providing ancillary services other than those required to be included in other specific cost centers.

Description: This cost center contains the direct expenses incurred in providing other ancillary services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Not Applicable

## **Research and Education Expenses**

**2420.3**

### **8200 Research and Education**

Function: This department carries out specifically funded research activities. In addition, the expenses related to formal educational programs conducted by the hospital accumulate in this cost center. Included are programs for registered nurses, certified nursing assistants, interns, residents, paramedics, physician assistants, nurse practitioners, and other similar healthcare professions. Additional activities may include, but are not limited to, the following:

- Selecting qualified nursing students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling of students regarding professional, personal, and educational problems; selecting faculty personnel; assigning and supervising students in giving nursing care to selected patients; and administering aptitude and other tests for counseling and selection purposes.

Description: This cost center contains the direct expenses incurred in carrying out research in the hospital. Separate cost centers must be maintained for each research activity for which separate accounting is required, either by a grant agreement, contract, or because of restrictions made upon donations.

This cost center is also used to record the direct expenses incurred in operating the hospital's formal educational programs. Specifically excluded are expenses related to inservice education programs for hospital staff. These expenses must be recorded in cost center 8740. Direct



expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Full Time Equivalent Students**  
The number of full-time equivalent students is defined as the sum of the percentages of time each student is enrolled during the year divided by 100.

## **General Services**

**2420.5**

### **8310 Printing and Duplicating**

**Function:** This department provides centralized printing and duplicating of forms, reports, and other printed matter used in the hospital.

**Description:** This cost center shall contain the direct expenses incurred in the operation of a printing and duplicating department. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

(Note: Include the cost of operation of copy machines not used in the printing and duplicating cost center as an expense of the using cost center. The costs of centralized printing and duplication services should be charged directly to the using cost center when such costs are readily determined.)

- **Standard Unit of Measure: Number of Reams of Paper**  
Count the number of reams of paper used for all printing and duplicating machines. A ream is 500 sheets of paper.

### **8320 Dietary**

**Function:** Dietary includes the acquisition, storage, processing and delivery of food and nourishments to patients in compliance with Public Health regulations and physicians' orders. Additional activities may include, but are not limited to, the following:

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

**Description:** This cost center contains the direct expenses incurred in preparing and delivering food to patients (including formula for infants.) Included as expenses are salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses. Also included is dietary's share of common costs of the Non-Patient Food Service and Dietary cost centers.

- **Standard Unit of Measure: Number of Patient Meals Served**  
Enter all patient meals served. Report a meal for each tray sent to an inpatient at regular mealtimes. For uniform reporting, a hospital that has a five-meal plan reports inpatient

meals at 2.8 meals per patient day. Exclude nourishments, tube feedings, infant formula, and snacks or fruit juices served between regularly scheduled meals.

### **8330 Cafeteria**

Function: Non-Patient Food Service includes the acquisition, storage, processing, and delivery of food to employees and other non-patients in compliance with Public Health regulations, including the cafeteria and vending machine operations. This center includes, but is not limited to, catered services, meals-on-wheels, board member meals, and guest trays.

Description: This cost center contains the directly identifiable expenses incurred in preparing and delivering food to employees and other non-patients. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses. Also included is the Non-Patient Food Service's share of common costs of the Non-Patient Food Service and Dietary cost centers.

- **Standard Unit of Measure: Equivalent Number of Meals Served**  
To obtain an equivalent meal count per month in a pay cafeteria, divide total sales by average selling price of a full meal served at noon. For uniform reporting, the average full meal should include meat, potato, vegetable, salad, beverage, and dessert. When there is a selection of entrees, desserts, and so forth, that are available at different prices, use an average in calculating the selling price of a full meal. Count a free meal served to a non-patient as a full meal.

### **8350 Laundry and Linen**

Function: Laundry and linen performs the storing, issuing, mending, washing, and processing of in-service linens. Clothing owned by the hospital is charged to this cost center. Otherwise the cost is charged to the using cost center. The service includes uniforms, special linens, and disposable linen substitutes.

Description: This cost center should contain the direct expenses incurred in providing laundry and linen services for hospital use, including student and employee quarters. Record the costs of disposable linen in this cost center. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Dry and Clean Pounds Processed**  
Record the weight of linen processed for the hospital's use plus the equivalent weight of disposable linen substitute used. Linen is weighed after it has been cleaned and processed. Include uniforms and linen from personnel quarters and employee housing.

### **8360 Social Services**

Function: The social services department obtains, analyzes, and interprets social and economic information to assist in diagnosis, treatment, and rehabilitation of patients. These services include counseling of staff and patients in case units and group units, participation in development of community social and health programs and community education. Additional activities may include, but are not limited to, the following:

- Interviewing of patients and relatives to obtain social history relevant to medical problems and planning; interpreting problems of social situations as they relate to medical condition and/or hospitalization; arranging for post discharge care of chronically ill (discharge planning); collecting and revising information on community health and welfare resources.

Description: This cost center contains the direct expense incurred in providing social services to patients. Direct expenses include salaries and wages, employee benefits, professional fees, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Personal Contacts  
Each face-to-face consultation with or about a patient count as one personal contact. For example, a personal interview with the patient's relative would count as one personal contact as would a visit to the patient's room. Interviews or other contacts made by telephone would not count as a personal contact.

### **8370 Central Transportation**

Function: Central transportation is the transporting of patients between services in and about the hospital. This does not include the transportation of patients to or from the hospital.

Description: This cost center should contain the direct expenses incurred in central patient transportation only if there is an established central patient transportation department. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

These costs should be reclassified to daily hospital services cost centers based on the ratio of the number of patients transported for each daily hospital service cost center to the total patients transported for all daily hospital services cost centers. If the ancillary departments perform central patient transportation function, then these costs should also reclassify to daily hospital services.

- Standard Unit of Measure: Not Applicable

### **8420 Purchasing**

Function: Purchasing includes the acquisition of supplies, equipment, and services necessary to hospital operations, the receipt of supplies and materials from vendors, and their routing and distribution to specific using areas, and the central storage of all non-pharmaceutical supplies and materials prior to their issue to using departments. Additional activities may include, but are not limited to, the following:

- Receipt and processing of requisitions; monitoring of perpetual supply items; obtaining of quotes from selected vendors; and monitoring of receipt of supplies.

Description: This cost center should contain the direct expenses incurred in acquiring supplies, equipment, and services necessary to hospital operations. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

If a central materials management department, which provides the joint function of purchasing, stores, and central services is maintained, then the costs of that department should reclassify to the central services and purchasing departments.

- **Standard Unit of Measure: \$1,000 of Gross Non-capitalized Purchases**  
Divide total gross purchases, less capitalized purchases, by 1,000. Include only purchases routed through the purchasing department. Exclude the cost of purchased services from gross purchases.

### **8430 Plant**

**Function:** Plant includes the maintenance, repair, security, and service of buildings, grounds, parking facilities, and equipment. Additional activities may include, but are not limited to, the following:

- Maintenance, production, acquisition, transmission, and service of utilities such as light, heat, air conditioning, air treatment and removal devices; trash disposal; boiler operation and maintenance; security service; painting; elevator operation and maintenance; vehicle operation and maintenance; care of grounds, service and maintenance of water treatment facilities; performance of minor renovation of buildings, fixed equipment and grounds, drainage systems and utility transmission systems, including all such maintenance performed under contract; technical assistance on equipment purchases and installation; coordinating construction; establishing priorities for repairs and utility projects; and the operation, service, and repair of parking lots.

Examples of job titles include: chief engineer; stationary engineer; carpenter; plumber; electrician; director plant operations; foreman; elevator operator; painter; dispatcher; driver; grounds keeper; tool crib operator; plasterer; parking lot attendant; guard; incinerator man; mechanic; medical equipment repairman; clerk; and secretary.

**Description:** This cost center contains the direct expenses incurred in the operation, maintenance, and security of the hospital plant, equipment, grounds and parking facilities. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of Gross Square Feet**  
Gross square feet is defined as the total floor area of the plant including common areas (hallways, stairways, elevators, lobbies, closets, etc.)

### **8460 Housekeeping**

**Function:** The housekeeping department is responsible for the care and cleaning of the interior physical plant, including the care (washing, waxing, stripping) of floors, walls, ceilings, partitions, windows, (inside and outside), furniture (stripping, disinfecting, and making beds), fixtures (excluding equipment) and furnishings, and emptying of room trash containers, as well as the costs of similar services purchased from outside organizations.

Description: This cost center contains the direct expenses incurred by the unit responsible for maintaining general cleanliness and sanitation throughout the hospital and other areas serviced (such as free-standing clinics). Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Square Feet Serviced  
Square feet serviced is the interior floor area serviced by the housekeeping unit in maintaining general cleanliness and sanitation.

## **8470      Communications**

Function: 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, fax transmission, and mail processing. The cost of installation and repairs to the telephone system and pagers/beepers that cannot be directly assigned to a using cost center is charged to the Communications cost center.

Description: This cost center should include the direct expenses incurred in carrying on communications (both in and out of the hospital), including the telephone switchboard and related telephone services, messenger activities, internal information systems, and mail services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Average Number of Hospital Employees
- Include part-time as well as full-time employees, but does include non-paid workers, volunteers, or others who do not receive a check. Also, excludes registry nurses and other temporary help agency personnel.

## **8480      Data Processing**

Function: The data processing department performs the operation of the hospital's electronic data processing system, including input, storage and safeguarding of data, operating data processing equipment, data processing job scheduling, distributing output, and identifying and solving hardware and software problems.

Description: This cost center should contain the costs incurred in operating an electronic data processing center. Personal computers and related hardware must be charged to the using cost center. If there is a Local Area Network (LAN), charge the file server to the data processing cost center. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

Expenses incurred in the operation of terminals of the EDP center throughout the hospital should be included in the data processing cost center. However, outside service bureau costs directly chargeable to a specific nursing or ancillary cost center should be included in that specific cost center in the "Purchased Services-Other" natural classification (.65). Include outside service bureau costs benefiting more than one cost center in the data processing cost center.

- Standard Unit of Measure: \$1,000 of Gross Patient Revenue

### **8490 Other General Services**

Function: This cost center contains the direct expense incurred in providing general services other than those required to be included in other specific cost centers.

Description: This cost center contains the direct expenses incurred in providing other general services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Not Applicable

## **Fiscal Services**

**2420.6**

### **8510 Accounting**

Function: This department performs general accounting activities, including non-patient billing and accounting, of the hospital. This includes the preparation of ledgers, budgets, and financial reports, payroll accounting, accounts payable accounting, plant and equipment accounting, inventory accounting, non-patient accounts receivable accounting (tuition, sales to other institutions), etc.

Description: This cost center shall include the direct expenses incurred in providing the general accounting requirements of the hospital. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Average Number of Hospital Employees  
This includes part-time as well as full-time employees, but does not include unpaid workers, volunteers, or others who do not receive a check. Also, excludes registry nurses and other temporary agency personnel.

### **8530 Patient Accounts**

Function: Patient accounts include the processing of patient charges. This includes processing charges to patients' accounts, preparing insurance claims and third-party billing forms, and other patient-related billing activities (i.e., cashiering, extension of credit, and collection of accounts receivable). Additional activities include interviewing patients and others relative to the extension of credit, checking references, follow-up procedures, and utilization of outside collection agencies.

Description: This cost center shall include the direct expenses incurred in patient-related billing and accounting activities, in the extension of credit, and in the collection of accounts receivable. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: \$1,000 of Gross Patient Revenue

### **8560 Admitting**

Function: This department admits patients for inpatient hospital services and registers patients for outpatient services. This includes filling out admission forms, scheduling admission times, accompanying patients to rooms or service areas after admission, and arrangement of admission details.

Description: This cost center should include the direct expenses incurred in operating all general inpatient admitting offices. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Admissions  
Record the number of patients admitted to daily hospital services. Exclude the nursery units as well as intrahouse transfers.

### **8590 Other Fiscal Services**

Function: This cost center contains the direct expense incurred in providing fiscal services other than those required to be included in other specific cost centers.

Description: This cost center contains the direct expenses incurred in providing other fiscal services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Not Applicable

## **Administrative Services**

**2420.7**

### **8610 Hospital Administration**

Function: Hospital administration performs overall management and administration of the institution.

Description: This cost center contains the direct expenses associated with the overall management and administration of the institution, including the office of administrative director, governing board, and planning activities. Expenses such as corporate development, financial planning, and internal audit must be included here. Also, expenses which are not assignable to a particular cost center should be included here. However, care should be taken to ascertain that all costs included in this cost center do not properly belong in a different cost center. Expenses chargeable to hospital administration do not include legal fees incurred in connection with the purchase of property (which must be capitalized), nor fund raising costs which must be included in "Public Relations" (Account 8630). Direct expenses include: salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of FTE Employees  
To calculate the number of full-time equivalent employees, sum all hours for which employees were paid (whether worked or not) during the year and divide by 2,080.

### **8620 Employee Health Services**

Function: This cost center performs the overall management and administration of medical services to employees. This includes scheduling visits, record keeping relative to employee visits, and pre-employment and post-illness employee physical examinations.

Description: This cost center should contain the direct expenses incurred in operating an employee health services office or program. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses. However, the discounts allowed to employees for medical services and supplies provided by the hospital must not be included in this cost center but must be recorded in "Administrative Deductions from Revenue" (Account 5970).

- **Standard Unit of Measure: Number of FTE Employees**  
To calculate the number of full-time equivalent employees, sum all hours for which employees were paid (whether worked or not) during the year and divide by 2,080.

### **8630 Public Relations**

Function: Public relations provides information for public use in maintaining the hospital's position in the community, as well as carries out fundraising activities such as special luncheons and other meetings, and special mailings.

Description: This cost center contains the direct expenses incurred in the public relations/community relations function and expenses associated with fundraising (both restricted and unrestricted). Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

Transfers to cover restricted fundraising expenses should be credited to "Transfers from Restricted Funds for Other Operating Expenses" (Account 5790).

- **Standard Unit of Measure: \$1,000 of Total Operating Revenue**  
Total operating revenue is defined as the sum of net patient service revenue plus other operating revenue.

### **8640 Management Engineering**

Function: Management engineering assists hospital administrators in their managerial function. The management engineer performs a wide variety of services, such as charting the flow of patients through the daily service wards and projecting average daily census for budgetary purposes.

Description: This cost center contains the direct expenses incurred by the management engineering function. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- **Standard Unit of Measure: Number of FTE Employees**  
To calculate the number of full-time equivalent employees, sum all hours for which employees were paid (whether worked or not) during the year and divide by 2,080.



## **8650 Personnel**

Function: Personnel provides adequate staffing of hospital departments and maintains employee satisfaction and morale. Activities include recruitment, employee selection, salary and wage administration, employee benefit program administration, employee health service, and procurement of temporary help (including fees paid to temporary help agencies.)

Description: This cost center should be used to record the direct expenses incurred in carrying out the personnel function of the hospital. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Average Number of Hospital Employees  
This includes part-time as well as full-time employees, but does not include non-paid workers, volunteers, or others who do not receive a check. Also, excludes registry nurses and other temporary help agency personnel.

## **8660 Auxiliary Groups**

Function: This cost center maintains costs incurred in connection with hospital-related auxiliary groups. This includes coordinator of auxiliary group activities and special meetings of auxiliary groups conducted by the hospital.

Description: This cost center contains the direct expenses incurred in connection with hospital auxiliary or volunteer groups. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Volunteer Hours  
Count the number of hours of volunteer service donated to the hospital. Do not count paid employees.

## **8670 Chaplaincy Services**

Function: Chaplaincy services include the provision of religious services and the maintenance of a chapel for patients, employees, and visitors.

Description: This cost center contains the direct expenses incurred in providing religious services and in maintaining a chapel for patients and visitors. It does not include those services as defined in "Social Services" (Account 8360). Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Hospital Patient Days  
Report patient days of care for all patients admitted to the hospital. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

## **8680 Medical Library**

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

Description: This cost center contains the direct expenses incurred in maintaining a medical library. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Physicians on Active Staff  
Active medical staff is defined as those hospital-based and non-hospital-based physicians who are voting members of, and can hold office in, the Medical Staff organization of the hospital.

## **8690 Medical Records**

Function: Medical records include the maintenance of an electronic health care records system for the use, transcription, retrieval, storage, and disposal of patient medical records; and the production of indexes, abstracts, and statistics for hospital management and medical staff uses. Costs associated with a tumor registry may be included in this cost center.

Description: This cost center contains the direct expenses incurred in maintaining the medical records function. Also, include costs associated with microfilming of medical records in this account. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Inpatient Admissions
- Plus Outpatient Visits

## **8700 Medical Staff**

Function: The medical staff cost center records certain general expenses associated with the medical staff administration, such as the salary of the chief of the medical staff and assigned employees. The direct expenses incurred in providing medical photography and illustration services are also included in this cost center. Expenses for physicians assigned to the daily hospital services cost centers must be included in the applicable daily hospital services cost center instead of this cost center.

Description: This cost center contains the direct expenses associated with the medical staff (as described below). Residents' salaries (or stipends) should not be included here, but rather in the applicable education cost center. Compensation paid to chief(s) of service(s) as well as other physicians working in revenue producing departments should not be included here, but rather in the applicable cost center. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Physicians on Active Staff  
Active medical staff is defined as those hospital-based and non-hospital-based physicians who are voting members of, and can hold office in, the Medical Staff organization of the hospital.

## **8710 Utilization Management (UM)**

Function: The UM department includes activities involved in the monitoring and improvement of patient care. The cost center typically includes utilization review (UR), quality assurance (QA), infection control, risk management, professional standards review, and medical care evaluation functions. Each of these activities involves screening some aspect of patient care, analyzing patient care data, implementing corrective action when required, and monitoring care to determine whether issues have been resolved. Examples of these activities may include, but are not limited to, the following:

- Utilization and peer review activities and programs; quality assurance (QA) programs including generic screening, surgical case review, morbidity/mortality review, and drug and blood UR; activities involved in the identification and prevention of infection; and identification of areas of risk to the hospital.

Description: This cost center should contain the costs incurred in providing QA, UR, infection control, risk management, professional standards review, and medical care evaluation functions. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Number of Inpatient Admissions  
Record the number of patients admitted to daily hospital services. Exclude nursery units as well as intrahouse transfers.

## **8720 Nursing Administration**

Function: Nursing administration performs the administration and supervision of the nursing function in the hospital including scheduling and transfer of nurses among the services and units, nursing staff supervision, evaluation, and discipline.

Description: This cost center should contain the direct expenses associated with nursing administration. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses. Supervisors assigned to specific cost centers should be included in those cost centers on a direct basis.

The salaries, wages, and employee benefits paid nursing float personnel should be recorded in the cost center in which they work. This may be done directly, or they may be recorded originally in the "Nursing Float Personnel" cost center (Account 8730) and distributed (preferably at the end of each payroll period) to using cost centers based upon hours worked.

If the latter method is used, all salaries, wages, and employee benefits of nursing float personnel must be transferred out of the nursing float personnel cost center. Any down time would be

allocated together with actual hours worked. Scheduling and other administrative functions relative to nursing float personnel are considered costs of nursing administration.

- **Standard Unit of Measure: Average Number Nursing Service Personnel**  
The average number of nursing service personnel should include RNs, CNAs, aides, orderlies, and others under the supervision of nursing administration, including registry nurses.

### **8730 Nursing Float Personnel**

**Function:** The nursing float personnel cost center records expenses of nursing personnel who serve in more than one department on a "float" basis.

**Description:** This cost center contains the salaries and employee benefits of nursing personnel who serve in more than one department on a "float" basis. These costs shall be distributed (preferably on a monthly basis) to the departments in which these personnel work, on the basis of the number of payroll hours spent in each department.

- **Standard Unit of Measure:** Not applicable.

### **8740 Inservice Education**

**Function:** Inservice education handles continuing education to hospital-employed personnel including regularly scheduled classes, in-house seminars, and special training sessions.

**Description:** This cost center should contain the direct expenses incurred in conducting an inservice education program. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

If hospital employees work part-time in the inservice education program and part-time in other activities, their salaries, wages, and employee benefits shall be separated based upon number of hours spent in each activity, and distributed to the appropriate cost centers, preferably after each payroll period.

This cost center shall not include costs related to inservice student time. These costs should remain in the department in which the student works.

- **Standard Unit of Measure: Number of Hours of Inservice Education**  
Count the number of hours spent by all personnel involved in inservice education. Count the actual classroom time of the facility's in-house staff and in-house instructors. Include the instructor's preparation time, and the actual classroom time of the student, but not the student's study time.

### **8770 Community Health Education**

**Function:** This cost center contains the direct expense incurred in providing health education to the community. Examples include sponsoring courses in childbirth preparation, stress management, physical fitness programs, etc.

Description: This cost center contains the direct expenses incurred in providing community health education services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses. Examples of direct expenses include the cost of materials used to promote and conduct educational seminars and/or mailings.

- Standard Unit of Measure: Number of Participants  
Count each time an individual participates in a single education event as one participant.

### **8790 Other Administrative Services**

Function: This cost center contains the direct expense incurred in providing administrative services other than those required to be included in other specific cost centers.

Description: This cost center contains the direct expenses incurred in providing other administrative services. Direct expenses include salaries and wages, employee benefits, professional fees, supplies, purchased services, depreciation, rental and lease, and other direct expenses.

- Standard Unit of Measure: Not Applicable

## **Unassigned Costs**

**2420.8**

### **8810 Depreciation**

Function: Depreciation is a center for recording depreciation expense on land improvements, buildings, fixed equipment, and leasehold improvements.

Description: This cost center contains depreciation expenses on land improvements, buildings, fixed equipment, and leasehold improvements. All depreciation expense on movable equipment and for fixed equipment, leasehold improvements or buildings which can be identified with a particular cost center should be charged to the using cost center, either on a monthly basis or by reclassification prior to cost allocation. All other depreciation will be reclassified annually prior to cost allocation. Sub-accounts may be maintained for different buildings, wings, or additions as needed.

- Standard Unit of Measure: Number of Gross Square Feet  
Gross square feet is defined as the total floor areas of the plant, including common areas, (hallways, stairways, elevators, lobbies, closets, etc.). Do not include the gross square feet associated with leased or rented buildings.

### **8820 Leases and Rentals**

Function: Leases and rentals is a center for the recording of lease and rental expenses relating to buildings, leasehold improvements, fixed assets and movable equipment.

Description: This cost center contains all lease and rental expenses relating to buildings, leasehold improvements, fixed assets, and movable equipment. Lease and rental expenses which can be identified with a particular cost center should be charged to the using cost center, either on a monthly basis or by reclassification prior to cost allocation.

- Standard Unit of Measure: Number of Leased Square Feet
- Leased square feet is defined as the total floor areas of the plant, including common areas, (hallways, stairways, elevators, lobbies, closets, etc.) leased by the hospital.

### **8830 Insurance - Hospital and Professional Malpractice**

Function: This cost center is used to record all hospital and professional malpractice insurance expenses incurred in maintaining hospital and professional liability insurance policies. The cost of self-insurance that has been actuarially determined must be recorded in this cost center.

Description: This cost center contains the expenses incurred in maintaining hospital and professional liability insurance policies.

- Standard Unit of Measure: \$1,000 of Gross Patient Revenue

### **8840 Insurance - Other**

Function: The “Insurance – Other” cost center is used to record all insurance expenses incurred in maintaining all insurance policies except hospital and professional malpractice insurance and employee benefit insurance. For example, fire, theft, employee fidelity bonds, liability (nonprofessional), property damage, auto, boiler, and business interruption insurance expense would be included here. Also, included is the expense associated with self-insurance of such losses.

Description: This cost center contains the expenses incurred in maintaining all insurance policies except hospital and professional malpractice insurance and employee benefit insurance. For example, fire, theft, liability (nonprofessional), property damage, auto, and boiler would be included here.

- Standard Unit of Measure: Number of Gross Square Feet
- Gross square feet is defined as the total floor areas of the plant, including common areas (hallways, stairways, elevators, lobbies, closets, etc.)

### **8850 Licenses And Taxes (other than on income)**

Function: The licenses and taxes cost center records all business license expenses incidental to the operation of the hospital, all other licenses expense, and all taxes (other than on income.)

Description: This cost center contains the business licenses expense, other license expense, and tax expense which are incidental to the operation of the hospital. Fees paid to a city, county, or other governmental unit for doing business in a city or county should be recorded in this cost center.

- Standard Unit of Measure: Number of Gross Square Feet  
Gross square feet is defined as the total floor areas of the plant, including common areas (hallways, stairways, elevators, lobbies, closets, etc.)

### **8860 Interest - Working Capital**

Function: The “Interest - Working Capital” cost center is used to record all interest incurred on borrowings for working capital purposes. Interest on an unpaid tax liability is included in this cost center. Penalties assessed for unpaid taxes are to be accounted for in “Other Unassigned Expenses” (Account 8910).

Description: This cost center contains the interest expense relating to borrowings for hospital operations. Interest incurred on mortgage notes and other borrowings for the acquisition of equipment should not be included in this cost center. Interest on borrowings during construction phases should be treated in accordance with Generally Accepted Accounting Principles.

- Standard Unit of Measure: \$1,000 of Gross Patient Revenue

### **8870 Interest - Other**

Function: The “Interest - Other” cost center is used to record all interest incurred on borrowings other than interest on borrowings for working capital purposes.

Description: This cost center contains all interest expense incurred on borrowings other than interest paid on borrowings for hospital operations.

- Standard Unit of Measure: Number of Gross Square Feet  
Gross square feet is defined as the total floor areas of the plant, including common areas (hallways, stairways, elevators, lobbies, closets, etc.)

### **8880 Employee Benefits**

Function: The “Employee Benefits” cost center records all employee benefits.

Description: This cost center contains all employee benefits expense, including FICA, SUI, group health insurance, group life insurance, pension and retirement, and workers' compensation insurance, and non-payroll related employee benefits, including employee discounts, employee health centers, and day care centers. Specific cost centers may be charged on a monthly basis or by reclassification prior to the cost finding purposes.

- Standard Unit of Measure: Number of FTE Employees  
To calculate the number of full-time equivalent employees, sum all hours for which employees were paid (whether worked or not) during the year and divide by 2080.

### **8890 Amortization**

Function: The “Amortization” cost center records the accrual of expense resulting from the amortization of intangible assets of the hospital.

Description: This account contains all expense accruals related to the periodic amortization of the hospital's intangible assets.

- Standard Unit of Measure: Number of Gross Square Feet  
Gross square feet is defined as the total floor areas of the plant, including common areas (hallways, stairways, elevators, lobbies, closets, etc.)

### **8900 Provision for Bad Debts**

Function: The "Provision for Bad Debts" cost center records the differential between the amount charged to patients and the amount received and/or expected to be received from self-pay accounts where the patient is unwilling to pay.

- Standard Unit of Measure: Not Applicable

### **8910 Other Unassigned Expenses**

Function: This cost center contains the direct expenses incurred for services other than those required to be included in other specific cost centers.

Description: This cost center contains the direct expenses incurred for other costs as defined above. Examples include loss on stolen inventory or equipment, loss on litigation, and inventory obsolescence or breakage.

- Standard Unit of Measure: Not Applicable

## **Nonoperating Gains and Losses**

**2420.9**

Nonoperating gains and losses include those gains and losses not directly related to patient care, related patient services, or the sale of related goods. The following items are indicated:

### **9010 Gains on Sale of Hospital Assets**

This account records the gains from disposal of assets at greater than the net book value of the asset at the time of disposal (historical cost less accumulated depreciation).

### **9020 Losses on Sale of Hospital Assets**

This account records the losses from disposal of assets at less than the net book value of the asset at the time of disposal (historical cost less accumulated depreciation).

### **9040 Unrestricted Contributions**

All contributions, donations, legacies, and bequests that are made to the hospital without restrictions by the donors, should be credited to this account. If a hospital receives contributions in significant amounts, such contributions should be clearly described and fully disclosed in the income statement.

### **9050 Donated Services**

The estimated monetary value (fair market value) of services of personnel who receive no monetary compensation or partial compensation for their services are recorded in this account. The term is usually applied to services rendered by members of religious orders, societies, or similar groups to institutions operated by or affiliated with such groups.

### **9060 Gains or Losses from Unrestricted Investments**



Gains or losses from investments of board-designated and other unrestricted funds should be recorded in this account.

**9070 Unrestricted Gains from Endowment Funds**

**9080 Unrestricted Gains from Other Restricted Funds**

These accounts are used to record the net realized gains on investments of restricted funds if the income is available for unrestricted purposes. The expenses related to investing activities of restricted funds must be offset in these accounts.

**9090 Term Endowment Funds Becoming Unrestricted**

When term endowment funds become available for unrestricted purposes, they should be reported in this account.

**9100 Transfers from Restricted Funds for Nonoperating Purposes**

This account reflects the amounts of transfers from restricted funds for nonoperating purposes in the current period for which the restriction has been met.

**9110 Transfers from Restricted Funds for Research**

These accounts reflect the amount of transfers from restricted funds to the unrestricted fund to match expenses incurred in the current period by the unrestricted fund for restricted fund research activities. 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.

**9120 Transfers from Restricted Funds for Education**

These accounts reflect the amount of transfers from restricted funds to the unrestricted fund to match expenses incurred in the current period by the unrestricted fund for restricted fund educational activities. 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.

**9130 Transfers from Restricted Funds for Operations**

These accounts reflect the amount of transfers from restricted funds to the unrestricted fund to match expenses incurred in the current period by the unrestricted fund for restricted fund activities. 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.

**9210 Gains from Medical Office Buildings**

This account shall be credited for rentals received from physicians and others for office space located in the hospital and for rental of property, plant, and equipment not used in hospital operations.

**9230 Gains from Medical Office Buildings**

This account should be credited for rentals received from rental of hospital owned medical office buildings.

**9240 Gains from Child Care Services**

Gains from retail operations such as gift shops, barber shops, or beauty shops located in space owned by the hospital shall be credited to this account. Sub-accounts for each separate retail operation should be maintained.

**9250-9299 Other Nonoperating Gains (specify)**

**9310 Losses from Physicians' Offices and Other Rentals**

This department includes the provision of rental space to physicians and other professional persons.

**9320 Losses from Medical Office Buildings**

This department includes the provision of rental space in medical office buildings.

**9330 Losses from Child Care Services**

This department includes the provision of child care services, including day care for ill children.

**9340 Losses from Retail Operations**

This department operates, or provides space for the operation of, retail merchandise operations and retail services, such as gift shops, barber shops, or beauty shops.

**9350-9399 Other Nonoperating Losses (specify)**

**9400 Provision for Income Taxes**

Sub-accounts should be maintained for income tax expense, unrelated business income tax, and related deferred taxes.

**9500 Extraordinary Items (specify)**

An extraordinary item is an event that is unusual and infrequent in occurrence. This account should be used to segregate extraordinary items from the results of ordinary operations and to disclose the nature thereof (i.e., loss from abandonment of old facilities, sale of investments, write-off of goodwill, declared emergency losses and condemnation of expropriation of properties).

## **Natural Classification of Expense**

## **2440**

The required level of reporting for the natural classification of expense is the major account classification categories ending in zero. The salaries and wages detailed (.01 - .08) in section 2440.1 should be maintained to control and monitor labor utilization within the hospital.

Realizing the potential advantages of standardized record keeping, sub-accounts for recording natural classification of expenses for categories .10 thru .90 have been suggested. While the use

of the suggested sub-accounts is not required, they are recommended to achieve greater uniformity in accounting and reporting. However, each hospital may adopt alternate numbering of sub-accounts if necessary to maintain continuity with existing budgeting, monitoring, and reporting procedures. If two digits to the right of the decimal are not sufficient for the individual hospital's reporting needs, additional digits may be added. The major categories are as follows:

- .00 Salaries and Wages**
- .10 Employee Benefits**
- .20 Professional Fees**
- .30 Supplies**
- .50 Purchased Services-Utilities**
- .60 Purchased Services- Other**
- .70 Depreciation**
- .80 Rental and Lease**
- .90 Other Direct Expenses**

## **.00 Salaries and Wages 2440.1**

Salaries and wages are defined as all remuneration for services performed by an employee for the hospital employer payable in cash, and the fair market value of services donated to the hospital by persons performing under an employee relationship. Exclude reimbursement of independent contractors such as private duty nurses.

### **.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 administrator, manager, department head, supervisor, director, and foreman. These employees would be exempt from Federal wage and hour laws.

### **.02 Technician and Specialist**

Employees included in this classification usually perform activities of a creative or complex nature. Includes such job titles as coordinator, 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 as administrator or professional. Lead positions of chief, head, etc. must be classified as Management (.01) if they provide direct supervision to five or more employees.

### **.03 Registered Nurses**

This classification includes only registered nurses employed in the performance of direct nursing care to patients. Registered nurses performing supervisory functions must be classified as Management (.01). Those functioning as instructors and coordinators must be classified as Technical (.02).

### **.04 Certified Nursing Assistants**

This classification includes certified nursing assistants employed in the performance of direct nursing care to patients. Those certified nursing assistants not providing direct patient care should be reclassified as Technical (.02). Employees in this classification are subject to Federal wage and hour laws.

#### **.05 Physicians**

Employees included in this classification are employed to consult, diagnose, prescribe, and treat patients. This employee must possess a Doctor of Medicine or Doctor of Osteopathy degree and be licensed to practice medicine.

#### **.06 Non-physician Medical Practitioners**

Employees included in this classification are employed to consult, diagnose, prescribe, and treat patients under the direction of a physician. Includes such job titles as nurse practitioner, physician's assistant, and medic.

#### **.07 Other Salaries and Wages**

All employees not included in job classes (.01 - .06) described above are included in this classification. Also included would be stipends paid to residents, which would be recorded only in the Education cost center (8200).

#### **.08 Non-work Time - Vacation, Holiday, and Sick Leave**

This classification is used to record vacation, holiday and sick leave pay. Balance sheet accounts are maintained (or at least established at year end) for the accrued liabilities associated with these expenses.

#### **.10 Employee Benefits**

**2440.2**

The following employee benefits should be associated with individual employees, when possible, and recorded in the same cost center as the employee's salaries and wages under the appropriate natural classification. Natural classifications .11 through .19 may be charged to the cost center "Employee Benefits," and reclassified to the appropriate cost center monthly or annually prior to the cost finding process.

**.11 FICA**

**.12 SUI and FUI**

**.13 Workers' Compensation Insurance**

**.14 Group Health Insurance**

**.15 Group Life Insurance**

**.16 Pension and Retirement**

**.17 Disability Benefits**

**.18 "Cafeteria Plan"**

**.19 Other**

#### **.20 Professional Fees**

**2440.3**

**Fees paid for professional services are included in the following classifications:**

### **.21-Medical-Physicians**

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

### **.22-Medical-Therapist and Other**

Record in this classification amounts paid to other medical personnel not on payroll, such as registered physical therapists.

### **.23-Consulting and Management Fees**

Amounts paid to other personnel not on the payroll when such personnel are employed by unrelated organizations. Charge management fees paid to related organizations to the classification "Management Services" (.64).

### **.24-Legal**

Fees paid to outside legal firms as opposed to in-house counsel for legal services rendered.

### **.25-Audit**

Fees paid to outside accounting firms for independent audit services. Charge expense related to internal audits to "Hospital Administration" (Account 8610).

### **.26-Collection Agencies**

Fees paid to collection agencies, which are generally a percentage of what is collected, are reported in the natural classification, and in the "Patient Accounts" cost center (Account 8530).

### **.27-Registry Nurses**

Includes all fees paid for nurses contracted through registry services.

### **.28-Other**

### **.30 Supplies**

**2440.4**

The following classifications should record the costs of the various types of supplies used by a hospital. The amount of detail used in classification of supplies is left to each individual hospital's reporting needs. When reporting to the Department only account .30 is required. The fair market value of donated supplies should be charged to these classifications if the commodity otherwise would be purchased by the hospital. An offsetting credit is made to "Donated Commodities" (Account 5650).

### **.31 Prosthesis**

Charge the cost of replacements for parts of the body and substitutes or aids to permanently impaired functions of the body to this classification. This includes such items as artificial limbs and eyes, dentures, bone plates, permanent braces, eyeglasses, implanted pacemakers, corrective footwear, etc. Also, included are components used in the assembling and fitting of such items.

### **.32 Surgical Supplies- General**

Charge the cost of sutures, surgical needles, surgical packs and sheets and all other surgical supplies not described elsewhere to this classification.

**.33 Anesthetic Materials**

Charge this classification with the cost of gaseous and volatile agents used in inhalation anesthesia such as cyclopropane, halothane, nitrous oxide, ether, and chloroform.

**.34 Oxygen and Other Medical Gases**

Charge the cost of gases, other than anesthesia gases, used in treatment of patients, such as oxygen and carbon dioxide mixtures to this classification. Also, charge oxygen used to drive equipment such as fog generators and atomizers here.

**.35 IV Solutions**

**.36 Pharmaceuticals**

**.37 Radioactive Materials**

**.38 Radiology Films**

**.39 Other Medical Care Materials and Supplies**

Charge these classifications (.35 through .39) with the cost of IV solutions, pharmaceutical supplies, radioactive materials, radiology films, and other medical care materials and supplies.

**.41 Food- Meats, Fish, Poultry**

**.42 Food- Other**

Charge food purchased for dietary, kitchen, or the cafeteria to these classifications (.41 and .42).

**.43 Linen and Bedding**

**.44 Cleaning Supplies**

**.45 Office and Administrative Supplies**

**.46 Employee Wearing Apparel**

Charge these classifications (.43 through .46) with the cost of linen and bedding, cleaning supplies, office and administrative supplies, and employee wearing apparel.

**.47 Instruments and Minor Medical Equipment**

**.48 Other Minor Equipment**

The cost of minor equipment, as previously defined in Section 1125, should be charged to these classifications (.47 and .48).

**.49 Other Non-Medical Supplies**

Charge this classification with the cost of non-medical supplies not included elsewhere. Included here is the cost of miscellaneous supplies used for the personal care of patients.

**.50 Purchased Services- Utilities**

Charge telephone and telegraph to the communications cost center (8470) and other utilities ordinarily will be charged to plant (8430) unless they are metered directly to the using cost center.

- .51 Electricity**
- .52 Fuel**
- .53 Gas**
- .54 Water**
- .55 Disposal Service**
- .56 Utilities- Other**
- .57 Telephone/Telegraph**
- .59 Other**

## **.60 Purchased Services – Other 2440.6**

These classifications should be used to record the costs of purchased services. For instance, if the laboratory function is purchased outside the hospital, the expense may be charged to classification .61 – “Medical” in the laboratory cost center. Medical school contracts natural classification would only appear in the education cost centers. Management services would include only fees paid to related organizations.

### **.61 Medical**

Include cost of purchased services such as contracted laboratory or radiology. Any physician fees, for which the hospital is separately charged, would be included in the .21 natural classification.

### **.62 Repairs and Maintenance**

This would include repairs and maintenance directly assignable to the cost center and that were performed by any outside contractor.

### **.63 Medical School Contracts**

Include costs incurred to hire someone to educate or train medical staff. Use this natural classification only in education cost centers.

### **.64 Management Services**

Include in this cost center fees paid to related organizations for management services provided. Charge management services provided by unrelated organizations to natural classification .23.

### **.65 Other Purchased Services**

Include fees paid to outside organizations to provide functions not otherwise specified.

## **.70 Depreciation 2440.7**

- .71 Depreciation- Land Improvements**
- .72 Depreciation- Buildings & Improvements**
- .73 Depreciation- Leasehold Improvements**
- .74 Depreciation- Fixed Equipment**

- .75 Depreciation- Major Moveable Equipment
- .76 Depreciation- Minor Equipment
- .79 Depreciation- Other

Charge natural classifications .71 through .79 to cost center 8810 "Depreciation" and reclassify monthly or annually prior to the cost finding process.

**.80 Leases and Rentals 2440.8**

- .81 Leases and Rentals- Buildings
- .82 Leases and Rentals- Equipment
- .89 Leases and Rentals- Other

Charge Natural classifications .81 through .89 to cost center 8820 "Leases and Rentals" and reclassify monthly or annually prior to the cost finding process.

**.900 Other Direct Expenses 2440.9**

- .901 Insurance
- .902 Licenses and Taxes (other than on Income)
- .903 Dues and Subscriptions
- .904 Travel, Meetings, and Outside Training Sessions
- .905 Interest
- .906 Amortization of Intangible Assets
- .907 Provision for Bad Debt
- .908 Blood Supplies
- .909 Contract Staffing
- .910 Information Technology, Including Licenses and Maintenance
- .911 Insurance and Professional Liability
- .912 Laundry Services
- .913 Legal, Audit, and Tax Services
- .914 Purchased Laboratory Services
- .915 Repairs and Maintenance
- .916 Shared Services of System Office Allocations
- .917 Staff recruitment
- .918 Training Costs
- .919 Taxes
- .920 Utilities
- .999 Other Noncategorized Expenses

Other direct expenses, such as those indicated above, are included in these accounts. The suggested sub-classifications may be used as needed for each hospital's reporting requirements.

**Job Title Account - Number Table 2450**

Job Title	Nat. Acct. No.
<b>A</b>	
Accountant	.02



Accounting Clerk	.07
Accounts Payable Clerk	.07
Accounts Receivable Clerk	.07
Addressing Machine Operator	.07
Administrative Assistant	.01
Administrative Secretary	.07
Administrator	.01
Admitting Clerk	.07
Admitting Officer	.01
Ambulance Attendant	.07
Ambulance Driver	.07
Anesthesiologist	.05
Anesthetist	.02
Animal Caretaker	.07
Art Therapist	.07
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>A</b>	
Assistant Director	.01
Associate Administrator	.01
Audiologist	.02
Audiometrist	.02
<b>B</b>	
Baker	.02
Biochemist	.02
Biochemistry Technologist	.02
Bio-Med Electronic Technician	.02
Blood Bank Technologist	.02
Boiler Repairman	.07
Bookkeeper	.07
Business Office Manager	.01
<b>C</b>	
Cafeteria Manager	.01
Cardio-Pulmonary Technician	.02
Carpenter	.07
Cashier	.07
Catheterization Technician	.02
Central Service Supervisor	.01
Central Service Technician	.07
Certified Nursing Assistant	.04
Chaplain	.02
Chief	.01
Clerk, General	.07
Clerk-Typist	.07
Clinical Instructor	.02

Clinical Coordinator	.01
Coding Clerk	.07
Collection Clerk	.07
Communications Coordinator	.01
Computer Operator	.02
Controller	.01
Cook	.02
Coordinator, Physical Medicine	.01
Corrective Therapist	.02
Correspondence Clerk	.07
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>C</b>	
Counselor, School of Nursing	.01
Credit Manager	.01
Cytotechnologist	.02
<b>D</b>	
Dark Room Attendant	.07
Data Processing Manager	.01
Dental Assistant	.07
Dental Hygienist	.02
Dental Lab Technician	.02
Dentist	.06
Dialysis Technician	.02
Dietary Worker	.07
Dietetic Clerk	.07
Dietitian	.02
Director of Volunteer Services	.01
Dispatcher	.07
Dispensary Clerk	.07
Distribution Supervisor	.01
Duplicating Machine Operator	.07
<b>E</b>	
Education Coordinator	.01
Educational Therapist	.02
EEG Technician	.02
EKG Technician	.02
Electrical Repairman	.07
Electro-Medical Repairman	.07
Elevator Operator	.07
Emergency Medical Technician	.02
Employment Manager	.01
Environmental Health Sanitarian	.02
Extractor	.07
<b>F</b>	

File Clerk	.07
Fireman, Boiler	.07
Flatwork Finisher	.07
Food Service Administrator	.01
Food Service Supervisor	.01
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>F</b>	
Foreman	.01
<b>G</b>	
Grounds Keeper	.07
Guard	.07
<b>H</b>	
Health Physicist	.02
Health Science Librarian	.02
Heart-Lung Machine Operator	.02
Hematologist	.02
Hematology Technologist	.02
Histologic Technician	.02
Histopathologist	.01
Home Health Aide	.07
Homemaker	.07
Hospital Admitting Clerk	.07
Hospital Engineer	.02
Hospital Guide	.07
Housekeeping Aide	.07
Housekeeping Attendant	.07
Housekeeping Crew Leader	.01
<b>I</b>	
Incinerator Tender	.07
Industrial Engineer	.02
Information Clerk	.07
Inhalation Therapist	.02
Inhalation Therapy Technician	.02
Inservice Director	.01
Instructor	.02
Insurance Clerk	.07
Intern, M.D.	.07
Interviewer	.07
Inventory Clerk	.07
Inventory Management Supervisor	.01
Invoice Control Clerk	.07
<b>J</b>	
Job Analyst	.02
<b>Job Title</b>	<b>Nat. Acct. No.</b>

<b>K</b>	
Key punch Operator	.07
<b>L</b>	
Laboratory Aide	.07
Laundry Manager	.01
Laundry Worker	.07
Library Assistant	.07
<b>M</b>	
Mail Clerk	.07
Maintenance Helper	.07
Maintenance Mechanic	.07
Manager	.01
Management Engineer	.02
Manual-Arts Therapist	.02
Marker-Sorter	.07
Medic	.06
Medical Illustrator	.02
Medical Laboratory Assistant	.07
Medical Librarian	.02
Medical Photographer	.02
Medical Record Administrator	.01
Medical Record Clerk	.07
Medical Record Librarian	.01
Medical Record Technician	.02
Medical Secretary	.07
Medical Stenographer	.07
Medical Technologist	.02
Medical Transcriber	.02
Mental Health Technician	.02
Messenger	.07
Microbiologist	.02
Microbiology Technologist	.02
Morgue Attendant	.02
Music Therapist	.02
<b>N</b>	
Nuclear-Medicine Technologist	.02
Nurse Anesthetist	.02
Nurse, Head	.01
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>N</b>	
Nurse, Practitioner	.06
Nurse, Staff (RN)	.03
Nursing Aide	.07
Nursing Assistant	.04

Nutritionist	.02
<b>O</b>	
Occupational Therapist	.02
Occupational Therapy Aide	.07
Operating Room Technician	.02
Optometrist	.06
Orderly	.07
Orthopedic - Appliance and Limb Technician	.02
Orthopedic - Cast Specialist	.02
Orthotist	.02
Otolaryngologist	.05
<b>P</b>	
Painter, Maintenance	.07
Parking Lot Attendant	.07
Pathologist	.05
Patient Food Service Worker	.07
Patient Librarian	.02
Patient Representative	.07
Payroll Clerk	.07
Personnel Assistant	.07
Personnel Director	.01
Pharmacist	.02
Pharmacy Clerk	.07
Pharmacy Helper	.07
Pharmacy Technician	.02
Physiatrist	.05
Physical Therapist	.02
Physical Therapy Aide	.07
Physician	.05
Physician's Assistant	.06
Plasterer, Maintenance	.07
Plumber, Maintenance	.07
Podiatrist	.05
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>P</b>	
Presser, Hand	.07
Press Operator	.07
Printer	.02
Processing Supervisor	.01
Programmer	.02
Prosthetist - Orthotist	.02
Public Information Specialist	.02
Public Relations Director	.01
Pulmonary Function Technician	.02

Purchasing Agent	.02
Radiation Monitor	.02
Radiation Therapy Technologist	.02
Radiologic Technologist	.02
Radiologist	.05
Receptionist	.07
Recreational Therapist	.02
Recreation Director	.02
Refrigeration Mechanic	.02
Rehabilitation Counselor	.02
Residence Director	.07
Resident	.07
Respiratory Therapist	.02
Respiratory Therapy Technician	.02
<b>S</b>	
Salad and Dessert Preparer	.07
Seamstress	.07
Secretary	.07
Serologist	.02
Shaker	.07
Social Work Assistant	.07
Social Work Technician	.07
Social Worker	.02
Speech and Hearing Therapist	.02
Speech Clinician	.02
Speech Pathologist	.02
Stationary Engineer	.07
Statistical Clerk	.07
<b>Job Title</b>	<b>Nat. Acct. No.</b>
<b>S</b>	
Stenographer	.07
Stock Clerk	.07
Stockroom Manager	.01
Supervisor	.01
Surgical Technician	.02
Switchboard Operator	.07
Systems Analyst, Data Processing	.02
<b>T</b>	
Tab Operator	.02
Telephone Operator	.07
Therapy Technician	.02
Thermography Technician	.02
Training Officer	.02
Transcribing Machine Operator	.07

Truck Driver	.07
Tumbler Operator	.07
Typist	.07
<b>V</b>	
Veterinarian	.07
<b>W</b>	
Wall Washer	.07
Ward Clerk	.07
Washman	.07
Window Washer	.07



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