APPENDIX B

GLOSSARY

APPENDIX B

GLOSSARY

This Glossary includes selected general accounting terms and certain special terms encountered in the financial management of health facilities. Many of the definitions provided have been extracted and adapted from a variety of sources, including:

Accounting Manual for Long-Term Care Institutions. Chicago: American Hospital Association, 1968.

Chart of Accounts for Hospitals. Chicago: American Hospital Association, 1976.

Eric L. Kohler, A Dictionary for Accountants. Englewood Cliffs, New Jersey; Prentice-Hall, Inc., 1975.

Glossary of Hospital Terms. Chicago: American Medical Records Association, 1975.

Exposure Draft, Proposed Audit and Accounting Guide; Audits of Providers of Health Care Services. New York: American Institute of Certified Public Accountants, 1988.

Mosby's Medical & Nursing Dictionary, St. Louis: C.V. Mosby Company, 1983.

Topics in Health Care Financing, Vol. 1, No. 3. Germantown, Maryland; Aspen Systems Corporation, 1975.

Uniform Hospital Definitions. Chicago; American Hospital Association, 1960.

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APPENDIX B

GLOSSARY

Abandonment

The complete retirement of a fixed asset from service, following salvage or other reclaiming of removable parts.

Abortion Services

Services relating to the premature termination of pregnancy.

Accelerated depreciation

Depreciation at larger than the straight-line rate because of:

(a) operation of plant or equipment at more than normal speed, use, or capacity;
(b) a useful or economic life materially less than physical life;
(c) an excessive cost in which materials and skilled labor are at a premium, such excessive cost being written-off during what is estimated to be the high-price period;
(d) tax advantages arising from the use of declining-balance and sum-of-the-years methods.

Accommodation fee

An advance payment or transfer of a specified amount of funds or property by, or on behalf of, an aged person to a facility as full or partial payment for the promise to provide accommodations for the remainder of the person's life.

Account

A formal record of a particular type of transaction expressed in money and kept in a ledger.

Accountability

The obligation of an employee, agent, or other person to supply a satisfactory report, often periodic, of action or of failure to act following delegated authority/ responsibility.

APPENDIX B

Accounting

The art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof.

Accounting control

The administrative procedures employed in maintaining the accuracy and propriety of transactions and the bookkeeping record thereof.

Accounting manual

A handbook of accounting policies, standards, and practices governing the accounts of a business enterprise or other entity; it includes the classification of accounts.

Accounting period

The period of time for which an operating statement is customarily prepared.

Accounting policy

The general principles and procedures under which the accounts of an organization are maintained and reported; any one such principle or procedure.

Accounting principles

The body of doctrine associated with accounting, serving as an explanation of current practices and as a guide in the selection of conventions and procedures.

Accrual

1. The recognition of events and conditions as they occur, rather than in the period of their receipt, or payment.
2. The partial recognition of an item of revenue or expense and its related assets or liability resulting from the lack of coincidence of the accounting period and the contractual or benefit period.
3. An amount accrued.

APPENDIX B

Accrual accounting

The recognizing and reporting of the effects of transactions and other events on the assets and liabilities of the hospital entity in the time period to which they relate rather than only when cash is received or paid.

Accrual basis (of accounting)

The method of accounting whereby revenues and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred, along with acquired assets, without regard to the date of receipt or payment of cash; distinguished from cash basis.

Accrue

To give effect to an accrual; to record revenue or expense in the accounting period to which it relates, not withstanding that the required receipt or outlay may take place, in whole or in part, in a preceding or following period.

Accrued depreciation

The total depreciation suffered by an asset or asset group, based on customary or fairly determined rates or estimates of useful life, now generally referred to as accumulated depreciation.

Accrued expense

See accrued liability.

Accrued liability

An amount of interest, wages, or other expense recognized or incurred on and before a given date but not paid; sometimes referred to as accrued expense.

Accrued revenue

Revenue earned, but neither received nor past due.

APPENDIX B

Accumulated depreciation

The fixed-asset valuation account resulting from depreciation provisions; also known as reserve for depreciation, accrued depreciation, and allowance(s) for depreciation.

Accumulated income (or earnings or profit)

Net income retained and not paid out in dividends or dissipated by subsequent losses; earned surplus or retained earnings.

ACEHSA

Accrediting Commission on Education for Health Services Administration, (works in consonance with the American college of Health Care Executives.)

A.C.G.M.E.

Accreditation Council on Graduate Medical Education.

Active medical staff

Hospital-based and non-hospital-based physicians, other than interns and residents, who are voting members of and can hold office in the Medical staff organization of the hospital.

Activity

1. The work, or one of several lines of work, carried on within any organization or organizational subdivision.
2. The whole of the work carried on by any organization or individual.

Actual cost

Cost, as of acquisition or production, the former net of discounts and allowances but including transportation and storage, and often averaged for internal-transfer or inventory purposes.

APPENDIX B

Actuarial basis

A basis compatible with principles followed by actuaries: said of computations involving compound interest, retirement and mortality estimates, and the like.

Acute Care

Inpatient general routine care provided to patients who are in an acute phase of illness but not to the degree which requires the concentrated and continuous observation and care provided in the intensive care units of an institution.

Addition

An addition is something which does not merely replace a thing previously owned. This includes enlargements and extensions of existing facilities.

Additional (paid-in) capital

Contributions of corporate stockholders credited to accounts other than capital stock; sources: an excess over par or stated value received from the sale or exchange of capital stock, an excess of par or stated value of capital stock reacquired over the amount paid therefore, or an excess from recapitalization; often displayed on the balance sheet as a separate item or in combination with par or stated value and designated paid-in capital; known also as paid-in surplus.

Adjusting (journal) entry

1. The record made of an accounting transaction giving effect to the correction of an error, an accrual, a write-off, a provision for bad debts or depreciation, or the like.
2. (Auditing) Any change in the accounts required by an auditor, expressed in the form of a simple or compound journal entry.

Administrative accounting

That portion of the accounting process generally associated with management; for example, the functions of the controller, internal auditing, and decisions as to prorations, valuations, reserves, charge-offs, and reporting.

APPENDIX B

Administrative expense

A classification of expense incurred in the general directing of an enterprise as a whole, as contrasted with expense of a more specific function, such as nursing services or dietary, but not including income deductions. Items included under this heading vary with the nature of the business, but usually include salaries of top officers and other general-office expense.

Admission

The formal acceptance by an institution of a patient who is to be provided with room, board, continuous nursing service, and other institutional services while lodged in the institution.

Advance

1. Payment of cash or the transfer of goods for which an accounting must be rendered by the recipient at some later date.
2. A payment of a contract before its completion.
3. The payment of wages, salaries, or commissions before they have been earned.

Affiliate

A corporation or other organization related to another by owing or being owned, by common management or by a long term lease of its properties or other control device.

Affiliation

An affiliation exists when there is a contract or special arrangement between a health facility and a teaching institution, to provide a supervised clinical experience for any number or variety of health occupations students. Some affiliations are contracts between program schools and the hospital or health facility that will be the clinical teaching site while other clinical teaching sites must be approved by the appropriate Practicing Arts Licensing Boards.

Age

The number of years or other time periods an asset or asset group has remained in service at a given date.

APPENDIX B

AICPA

American Institute of Certified Public Accountants.

AIDS clinic

Services relating to the outpatient treatment of people affected with Acquired Immune Deficiency Syndrome.

Alcoholism clinic

Services relating to the outpatient treatment of people with an alcohol dependency problem.

Allergy clinic

Services relating to the outpatient treatment of people who have a hypersensitive reaction to intrinsically harmless antigens, most of which are environmental (Allergies).

Allocate

1. To charge an item or group of items of revenue or cost to one or more objects, activities, processes, operations, or products, in accordance with cost responsibilities, benefits received, or other readily identifiable measure of application or consumption.
2. To distribute the total cost of a lump-sum purchase over the items purchased or departments affected.
3. To spread a cost systematically over two or more time periods.

Allowance

The difference between gross revenue from services rendered and amounts received (or to be received) from patients or third-party payors. Allowances are to be distinguished from uncollectible accounts resulting from credit losses.

Ambulatory care

Health services rendered to persons who are not confined overnight in a health care institution. Ambulatory care services are often referred to as "outpatient" services.

APPENDIX B

Ambulatory services

The essential characteristic of "Ambulatory Services" is that the patients come to or are brought to a facility of the hospital for a purpose other than admission as an inpatient. Ambulatory services include emergency services, clinical services, ambulance services, and some health services but exclude ancillary services.

Amortization

1. The gradual extinguishment of any amount over a period of time: as, the retirement of a debt by serial payments to the creditor or into a sinking fund; the periodic writedown of an insurance premium or a bond premium.
2. A reduction of the book value of a fixed asset; a generic term for the depreciation, depletion, writedown, or writeoff of a limited-life asset.

Ancillary services

Diagnostic or therapeutic services performed by specific facility departments as distinguished from general or routine patient care such as room and board.

Apportionment

The distribution of a cost over several periods of time in proportion to anticipated benefits.

Appreciation

Increase in value of property; the excess of the present value of property over book value.

Approved Fellowship Program

An approved fellowship program is a fellowship program approved by the appropriate accreditation authority (may be practicing arts licensing board, allied health committee or professional association.)

Approved Residency Program

An approved residency program is a residency program approved by the appropriate accreditation authority such as a practicing arts licensing board, allied health committee or professional association (e.g., A.C.G.M.E.).

APPENDIX B

Asset

Any owned physical object (tangible) or right (intangible) having economic value to its owner; an item or source of wealth expressed, for accounting purposes, in terms of its cost, depreciated cost, or, less frequently, some other value; hence, any cost benefiting a future period.

Audiology

Services relating to the hearing impaired whose impaired hearing cannot be improved by medical or surgical treatment.

Audit

1. The examination of contracts, orders, and other original documents for the purpose of substantiating individual transactions before their settlement.
2. Any systematic investigation or appraisal of procedures or operations for the purpose of determining conformity with prescribed criteria; the work performed by an internal auditor.
3. (Auditing) An exploratory, critical review by a public accountant of the underlying internal controls and accounting records of a business enterprise or other economic unit, precedent to the expression by him of an opinion of the propriety ("fairness") of its financial statements.

AUPHA

Association of University Programs in Health Administration.

Available beds

The daily average complement of beds (excluding bassinets) physically existing and actually available for overnight use, regardless of staffing levels. Do not include beds in nursing units converted to uses other than inpatient overnight accommodations which cannot be placed back into service within 24 hours.

Average daily inpatient census

Average number of inpatients (based on the daily inpatient census) present each day for a given period of time.

APPENDIX B

Average length of stay

The average number of days of service rendered to each inpatient discharged during a given period.

Average life

The estimated useful-life expectancy of a group of assets subject to depreciation.

Bad debt

An uncollectible receivable.

Balance

1. The difference between the total debits and the total credits of an account or the total of an account containing only debts or credits.
2. The equality of the total debit balances and the total credit balances of the accounts in a ledger.
3. Agreement of the total of the account balances in a subsidiary ledger with its general-ledger control.

Balance sheet

A statement of financial position of any economic unit, or component thereof, reporting as at a given moment of time its assets (at cost, depreciated cost, or other indicated value), its liabilities, and its ownership equities recorded under an accounting system.

Bed turnover rate

The number of times a health facility bed, on the average, changes occupants during a given period of time.

Behavior Disorder Care

Care for an individual who has experienced an irregularity or confusion in the conduct of the individual's total activity.

APPENDIX B

Benefit

The service or satisfaction yielded by an expenditure.

Betterment

An expenditure having the effect of extending the useful life of an existing fixed asset, increasing its normal rate of output, lowering its operating cost, increasing rather than merely maintaining efficiency or otherwise adding to the worth of benefits it can yield.

Biofeedback Therapy

A process that furnishes the patient information usually in an auditory or visual mode, on the state of physiological variables, such as heart rate in order for the patient to gain some control over the physiologic variable being sampled.

Board-designated funds

Unrestricted funds set aside by the governing board for specific purposes or projects.

Board-designated investment funds

Unrestricted funds which, at the discretion of the governing board, have been designated for investment to produce income as if they were endowment funds.

Boarder baby

1. A baby receiving lodging in the institution and who is not an institution patient.
2. A newborn infant whose mother is discharged but the newborn does not occupy a patient bed but is retained in the nursery.

Bonds

1. A certificate of indebtedness, in writing and often under seal
2. An obligation in writing, binding one or more parties as surety for another.

APPENDIX B

Bond Discount

The excess of the face amount of a bond or class of bonds over the net. amount yielded from its sale. On the books and balance sheet of the issuer it appears as a deferred charge.

Bond Premium

The net amount yielded by the sale of a bond or class of bonds in excess of its face value. On the books and balance sheet of the issuer it appears as a deferred credit.

Book inventory

1. An inventory which is not the result of actual stocktaking but of adding the units and the cost of incoming goods to previous inventory figures and deducting the units and cost of outgoing goods.
2. The balances of materials or products on hand in quantities, dollars, or both, appearing in perpetual-inventory accounts.

Book of original entry

A record book, recognized by law or custom, in which transactions are successively recorded, and which is the source of posting to ledgers; a journal. Books of original entry include general and special journals, such as cashbooks and registers of sales and purchases.

Book value (or cost)

1. The net amount at which an asset or asset group appears on the books of account, as distinguished from its market value or some intrinsic value.
2. The face amount of a liability less any unamortized discount and expense.
3. As applied to capital stock:
   (a) the book value of the net assets;
   (b) in a corporation, the book value of the net assets, divided by the number of outstanding shares of capital stock.

APPENDIX B

Capital asset

An asset intended for continued use or possession, common subclassifications being:

(a) land, buildings and equipment, leaseholds, mineral deposits, timber preserves (fixed assets);
(b) goodwill, patient's, trademarks, franchises (Intangibles);
(c) investments in affiliated companies.

Capital expenditure

An expenditure intended to benefit future periods, in contrast to a revenue expenditure, which benefits a current period; an addition to a capital asset. The term is generally restricted to expenditures that add fixed-asset units or that have the effect of increasing the capacity, efficiency, life span, or economy of operation of an existing fixed asset.

Capital lease

A lease which meets one of the following four criteria:

1. The present value of the minimum lease payments is 90% or more of the fair value of the property to the lessor.
2. The lease term is 75% or more of the leased property's estimated economic life.
3. The lease contains a bargain (less than fair value) purchase option.
4. Ownership is transferred to the lessee by the end of the lease terms. (See FASB Statement No. 13 for further details.)

Capitalize

1. To record and carry forward into one or more future periods any expenditure, the benefits or proceeds from which will then be realized.
2. To add to a fixed-asset account the cost of plant additions, improvements, and expenditures having the effect of increasing the efficiency or yield of a capital asset or making possible future savings in cost from its use.
3. To transfer surplus to a capital-stock account, as the result of the issue of a stock dividend, a recapitalization, or, under the laws of some states, resolution of the board of directors.
4. The discount or calculate the present worth of the projected future earnings of an asset or business.

APPENDIX B

Cardiac Catheterization

The passage of a tubular flexible surgical instrument through a vein in an arm or leg or the neck and into the heart in order to secure blood samples and perform other tests.

Cardiology clinic

Services relating to the outpatient treatment or study of normal functions and disorders of the heart.

Cash basis

A basis of keeping accounts, in contrast to the accrual basis, whereby revenue and expense are recorded on the books of account when received and paid, respectively, without regard to the period to which they apply. The cash basis is a frequently unsatisfactory variation of the accrual basis, but in instances where transactions are limited to cash revenue and outgo, the two methods may virtually coincide.

Certificate of deposit

1. A formal instrument, frequently negotiable or transferable, issued by a bank as evidence of indebtedness and arising from a deposit of cash subject to withdrawal under the specific terms of the instrument:
   (a) demand certificates, payable upon presentation, seldom bearing interest;
   (b) time certificates, payable at a fixed or determinable future date, usually bearing interest at a specified rate.

2. A formal certificate, usually printed or engraved, ordinarily negotiable or transferable, and issued by a depository or agent against the deposit of bonds or stock of a corporation under the terms of a reorganization plan or other agreement.

Chain organization

A health care, or other organization consisting of a group of two or more facilities which are owned, leased or, through any other device, controlled by one business entity.

APPENDIX B

Chart of accounts

A systematically arranged list of accounts applicable to a specific concern, giving account names and numbers. A chart of accounts, accompanied by descriptions of their use and of the general operation of the books of account, becomes a classification or manual of accounts.

Chemical Dependency - Detoxification

Treatment designed to free an addict from his drug or alcohol habit.

Chemical Dependency - Rehabilitation

Treatment designed to restore the individual to self-sufficiency or to gainful employment.

Chemistry Service

A laboratory service related to the chemical composition of living organisms and of vital processes.

Chest Medical clinic

Services relating to the outpatient medical treatment of the respiration and circulation organs.

Child Diagnosis clinic

Services relating to the outpatient identification of diseases or conditions in juveniles.

Child Treatment clinic

Services relating to the outpatient medical treatment of diseases or conditions in juveniles.

Classification of accounts

A list of accounts, systematically grouped (chart of accounts), suitable for a particular organization, with descriptions setting forth the meaning, function, and content of each account and the relation of one to another.

APPENDIX B

Clearing account

A primary account containing costs that are to be transferred to other accounts; an intermediate account to which is transferred a group of costs or revenues or a group of accounts containing costs or revenues and from which a distribution of the total is made to other accounts.

Clinic Psychologist Services

The use of knowledge and techniques relating to the mind and mental processes for use in the treatment of persons with emotional difficulties.

Cobalt Therapy

The use of cobalt, a radioactive isotope, in the treatment of malignancies.

Combined Labor/Delivery Birthing Room

Site for normal delivery that has a setting that provides a homelike internal atmosphere using unlicensed beds.

Communicable Disease clinic

Services relating to the outpatient medical treatment of any disease transmitted from one person or animal to another directly or indirectly.

Community care facility

Any facility, place or building which is maintained and operated to provide nonmedical residential care, day care, or homefinding agency services for children, adults, or children and adults including, but not limited to, the developmentally disabled, physically handicapped, mentally disordered, or incompetent persons, and includes any residential facility, day facility and homefinding agency.

Comprehensive Outpatient Rehabilitation Facility (CORF)

Outpatient facility providing under a physicians direction, diagnostic, therapeutic, and restorative services to outpatients for rehabilitation of injured, disabled, or such persons, at a single fixed location.

APPENDIX B

Consistency

Continued uniformity, during a period or from one period to another, in methods of accounting, mainly in valuation bases and methods of accrual, as reflected in the financial statements of a business enterprise or other accounting or economic unit.

Contract service

Services performed in whole or in part by an outside organization on a contractual basis.

Contractual adjustment

The difference between billings at established charges and amounts received or due from third-party payors under contract agreements - similar to a trade discount.

Contributed capital

The payments in cash or property made to a corporation by its stockholders:

(a) in exchange for capital stock,
(b) in response to an assessment on the capital stock, or
(c) as a gift; paid-in capital.

Contributed services

See donated services.

Control

The process by which the activities of an organization are conformed to a desired plan of action and the plan is conformed to the organization's activities.

Control (or controlling) account

An account containing primarily totals of one or more types of transactions the detail of which appears in a subsidiary ledger or its equivalent. Its balance equals the sum of the balances of the detail accounts.

APPENDIX B

Cost

An expenditure or outlay of cash, other property, capital stock, or services, or the incurring of a liability therefore, identified with goods or services acquired or with any loss incurred, and measured by the amount of cash paid or payable or the market Value of other property, capital stock, or services given in exchange or, in other situations, any commonly accepted basis of valuation. Implicit in the concept of cost is the accrual basis of accounting.

Cost allocation

The apportionment or allocation of the costs of non-revenue producing cost centers to each other, and to revenue producing centers on the basis of the statistical data that measure the amount of service rendered by each center to other centers. The purpose of cost allocation is to determine the total of full costs of operating each revenue producing center of a health facility.

Cost center

An organizational division, department, or unit performing functional activities within a facility; for each such center, cost accountability is maintained for revenues produced and for controllable expenses incurred.

Cost finding (health care)

See cost allocation.

Current assets

Unrestricted cash, or other assets held for conversion within a relatively short period into cash or other readily convertible asset, or currently useful goods or services. Usually the period is one year or less, however, in some enterprises the period may be extended to the length of the operating cycle, which may be more than a year. The five customary subdivisions of current assets are cash, temporary investments, receivables, inventory, and prepaid expenses.

Current liability

A short-term debt, regardless of its source, including any liability accrued and deferred and unearned revenue that is to be paid out of current assets or is to be transferred to income within a relatively short period, usually one year or less, or a period greater than a year but within the business cycle of an enterprise. The currently maturing position of long-term debt is thus classified unless it is to be paid from a sinking fund or other non-current asset source.

APPENDIX B

Cytogenetics

Services relating to the study of chromosomes.

Cytology

Microscopic examination of cells taken from a body surface or lesion as a means of detecting malignancy and microbiologic changes.

Cystoscopy

Imaging services directed toward the examination of cells.

Daily hospital services

Daily Hospital services are those inpatient services generally included by the hospital in a daily service charge sometimes referred to as the "room and board" charge. Included in such services are the room, dietary, and nursing services, minor medical and surgical supplies, and the use of certain equipment and facilities for which the hospital does not customarily make a separate charge.

Daily inpatient census

The number of inpatients present at the census-taking time each day, plus any inpatients who were both admitted and discharged after the census-taking time the previous day. Generally the inpatient census is taken each midnight. However a facility may designate and consistently use any other specified hour for census taking.

Date of acquisition

The effective purchase date of an asset. Usually, this is the date title is acquired or the burdens of ownership are assumed and the asset is in possession.

Deductible

Under the Medicare program that portion of covered hospital and medical charges which an insured person must pay before his policy benefits begin. Proposed as a mechanism to discourage over-utilization or to avoid processing small claims.

APPENDIX B

Deductions from revenue

Reductions in gross revenue arising from bad debts, contractual adjustments, uncompensated/charity care, administrative, courtesy, policy discounts, adjustments and others.

Deferral (or deferment)

The accounting treatment accorded the receipt or accrual of revenue before it is earned, or the incurrence of an expenditure before the benefits therefrom are received.

Deferred charge

An expenditure not recognized as a cost of operations of the period in which incurred but carried forward to be written off in one or more future periods.

Deferred credit

Revenue received or recorded before it is earned, i.e., before the consideration is given, in whole or in part, for which the revenue is or is to be received.

Definition

A statement that sets forth and delimits the meaning of a word, phrase, or other symbolic expression, as used in a given discourse or context.

Dental clinic

Services relating to the outpatient treatment of the teeth, oral cavity and associated structures.

Dental Services

Services which are performed on the teeth, oral cavity and associated structures, including the diagnosis and treatment of their diseases and the restoration of defective and missing tissue.

Department

A cost center, operating unit, or area; a function; an activity.

APPENDIX B

Depreciable cost

That part of the cost of a fixed asset that is to be spread over useful life; i.e., cost less the estimated recovery from resale or salvage.

Depreciation

Lost usefulness; expired utility; the diminution of service yield from a fixed asset or fixed-asset group that cannot or will not be restored by repairs or by replacement of parts.

Depreciation fund

Money or marketable securities set aside for the purpose of replacing or providing assistance in replacing depreciable fixed assets.

Dermatology clinic

Services relating to the outpatient diagnosis and treatment of skin disorders.

Developmentally disabled patient

A person with a disability attributable to mental retardation, cerebral palsy, epilepsy, or other neurologically handicapping condition found to be closely related to mental retardation or to require treatment similar to that required for mentally retarded children. Such disability originates before an individual attains age is, continues, or can be expected to continue, indefinitely and constitutes a substantial handicap for such individual.

Diabetes clinic

Services relating to the outpatient diagnosis and treatment of an individual who is afflicted with a relative or complete lack of insulin secretion by the pancreas.

Diabetic Training class

Instruction in the self-treatment of diabetes.

Diagnostic Imaging Services

The use of imaging equipment, e.g., MRI, CT Scanner, etc., in the determination of a diagnoses.

APPENDIX B

Diagnostic Radioisotope

Radioactive isotopes are introduced into the body and a "gamma camera" is used to produce pictures which are used in diagnosing the proper or improper functioning of an organ.

Diagnostic Radiologic Technologists (DRT) Program

Individuals in a diagnostic radiologic technologist program are required to complete training in a college or hospital that is approved by the Department of Health Services, Radiologic Health Certification Branch. Program duration is from 2-3 years with 2150 hours of theory and 1850 hours of clinical experience. Clinical experience must be under the supervision of a certified x-ray supervisor and operator in a State approved training site which may or may not be in a hospital.

Dietetic counseling

Counseling services relating to the planning and preparation of foods and regulation of the diet in relation to both health and disease.

Dietetic Intern Program

An individual in a dietetic intern program is required to successfully complete a program in Food Service Management. Nutrition or Dietetics, approved by the American Dietetic Association (ADA) plus a post graduate degree and a 6-12 month hospital based internship under the supervision of a Registered Dietitian in a hospital setting.

Digit

Any single symbol expressing quantity: in the decimal system, any one of the symbols 0, 1, 2, 3, 4, 5, 6, 7, 8, or 9.

Direct cost

The cost of any good or service that contributes to and is readily ascribable to product or service output.

Direct expense

See direct cost.

APPENDIX B

Direct recording of cost

The process of identifying and assigning costs directly to the functional cost center generating those costs.

Discharge

The termination of lodging and the formal release of an inpatient by the institution. Since deaths are a termination of lodging, they are also inpatient discharges.

Discount earned

A reduction in the purchase price of a good or service because of early payment.

Discrete unit

A separately organized, staffed and equipped unit of the institution.

Distinct part (Health care)

A physically identifiable unit within a skilled nursing facility, separated from the rest of the institution and used for a specific purpose or program.

Distribution

1. Any payment to stockholders or owners of cash, property, or shares, including any of the various forms of dividend; in non-corporate enterprise, a withdrawal.
2. A spread of revenue or expenditure or of capital additions to various accounts; an allocation.
3. Disposal of a product by sale.

Donated commodities

Gifts of supplies and other materials such as medicines, blood, linen, and office supplies which are normally purchased by the institution, and are recorded on the books at their fair market value at the time of donation regardless of when actual receipt takes place.

APPENDIX B

Donated services

The estimated fair monetary value, based on a facility's compensation policies, of services related to patient care or in administrative positions essential to provision of patient care performed by individuals who receive no monetary compensation or partial compensation for their services but in which there is an employer-employee relationship between the individual and the facility. 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 institutions.

Drug Abuse clinic

Services relating to the outpatient diagnosis and treatment of a person who exhibits an overwhelming desire to continue taking a drug on which a psychological or physical dependency has been developed.

Drug Reaction Information

Telephone information service providing information concerning reactions and antidotes to drugs.

Due from other funds

A receivable for money loaned, stores issued, work performed, or services rendered to or for the benefit of another fund.

Due to other funds

A payable for money borrowed, stores received, work performed, or services from another fund.

Earned

Realized or accrued as revenue through sales of goods, services performed, or the lapse of time.

Emergency Communications System

Communications equipment that is used to communicate with personnel performing emergency services out in the field.

APPENDIX B

Emergency Helicopter Service

Air transportation services for persons requiring urgent medical treatment.

Emergency Medical Technician

Individually trained and certified to provide emergency medical care, usually in concert with an emergency physician.

Emergency Observation Service

Services performed by Emergency in which a patient is watched carefully and a report is made on what is seen or noticed.

Empirical

Derived from experience; sometimes contrasted with rational (i.e., derived from some plan or principle).

Employee

As distinguished from an independent contractor, a person subject to the will and control of an employer with respect to what the employee does and how he does it and is on the payroll of the institution.

Employee benefit

A pension provision, retirement allowance, insurance coverage, paid vacation, sick leave, and holiday time off or other cost representing a present or future return to an employee, which is neither deducted on a payroll nor paid for by the employee.

Encounter

A face-to-face contact between a patient and a provider who has primary responsibility for assessing and treating the condition of the patient at a given contact and exercises independent judgement in the care of the patient.

Encumbrance

1. An anticipated expenditure, evidenced by a contract or purchase order, or determined by administrative action.
2. Commitment.
3. Any lien or other liability attaching to real property.

APPENDIX B

Endoscopy

Visual inspection of a cavity of the body by means of an endoscope.

Endowment fund

A fund, usually of a non-profit institution, arising from a bequest or gift the income of which is devoted to a specified purpose.

Enterprise

Any business undertaking; a business enterprise, without qualification, the term refers to an entire organization, rather than a subdivision thereof.

Equity

1. Any right or claim to assets.
2. An interest in property or in a business, subject to claims of creditors.

Equity ownership

1. The interest of an owner in property or in a business or other organization, subject, in case of liquidation, to prior claim of creditors.
2. The interest (paid-in capital and retained earnings) of a stockholder or of stockholders collectively in a corporation; proprietorship.

Error

Deviation, inaccuracy, or incompleteness in the measurement or representation of fact.

Estimated useful life

Expected operating or service life of an asset or asset group in terms of utility to the institution.

Examination

Audit.

APPENDIX B

Exception

A qualification by an auditor in his report, indicating a limitation as to the scope of his audit or disagreement with or doubt concerning an item of a financial statement on which he is reporting.

Exhibit

A financial or other statement of a formal character prepared for the information of others, as in auditor's report.

Expected life

Expected value of length of life or years of service of an asset or asset group at a particular moment of time.

Expendable fund

A fund the assets of which may be applied by administrative action to specific or general purposes.

Expenditure

1. The incurring of a liability, the payment of cash, or the transfer of property for the purpose of acquiring an asset or service or settling a loss.
2. The amount of cash or property paid or to be paid for a service rendered, or an asset purchased.
3. Are cost, the benefits of which may extend beyond the current accounting period.

Expense

Expired cost; any item or class of cost of (or loss from) carrying on an activity; a present or past experience defraying a present operating cost or representing an irrecoverable cost or loss.

Expense center

Any location within an organization at which the coincidence of organization and function has been recognized; an activity.

APPENDIX B

Expired cost

An expenditure from which no further benefit is anticipated; an expense; a cost absorbed over the period during which benefits were enjoyed or a loss incurred.

External audit

An audit by a person not an employee; an independent audit.

Extra Coropeal Membrane Oxygenation

A type of respiratory assistance for extremely premature infants.

Extraordinary depreciation

Depreciation caused by unusual wear and tear, unexpected disintegration, obsolescence, or inadequacy beyond that attributable to ordinary loss of physical or service life.

Extraordinary expense

A material expense so unusual in nature or in frequency of occurrence as to be accorded special treatment in the accounts or separate disclosure in financial statements.

Facility

A coordinated group of fixed assets -- land, buildings, machinery, and equipment -- constituting a plant.

Fair market value (FMV)

1. Value determined by bona fide bargaining between well-informed buyers and sellers, usually over a period of time.
2. An estimate of such value, in the absence of sales or quotations.

Family Planning

Services relating to the education on the use of contraceptives and other methods to limit the number or spacing of children.

APPENDIX B

Family Therapy clinic

Therapeutic counseling of any one member of a family through the meeting of the entire family in order to discover the dynamics of the situation.

Fellow

A graduate of a medical/osteopathic/dental school who has had an advanced period of graduate training and is in a fellowship program in a sub-specialty or in a clinical research program.

Fellowship Program

A fellowship program is a sub-specialty residency training program typically added to the training and education of an M.D. who has completed some basic residency training and has enrolled in further training. Most fellowship programs follow a basic residency program (e.g., Internal Medicine residency would be followed by a Hematology residency or fellowship). A trainee in such a program is referred to as a fellow.

Fidelity bond

Insurance against losses arising from dishonest acts of employees involving money, merchandise, or other property.

Fiduciary

Any person responsible for the custody or administration, or both, of property belonging to another; as, a trustee.

Financial accounting

The accounting for revenues, expenses, assets, and liabilities that is commonly carried on in the general offices of a business.

Financial Accounting Standards Board (FASB)

A quasi-independent organization established in 1973 by the AICPA-Sponsored Financial Accounting Foundation for the purpose of developing principles for financial reporting by business enterprises.

APPENDIX B

Financially indigent patient (Indigent)

A patient lacking the financial ability to reasonable be expected to pay for medical services received.

Financial statement

A balance sheet, income statement, funds statement, or any supporting statement or other presentation of financial data derived from accounting records.

Fiscal year

1. An accounting period of 12 successive calendar months, or of 52 successive weeks plus an additional day (two days in leap years) at the period end; or under strict adherence to weekly accounting periods, the fiscal year may from time to time consist of 53 weeks, thus avoiding a terminal date not more than three days preceding or following the end of the calendar year.
2. A 12-month period ending with the last day of any month other than December; a usage defined in Section 441(e) of the Federal Internal Revenue Code.
3. A period consisting of 13 four-week periods with the year always ending on the same day of the week, but not necessarily on the last day of the month.

Fixed asset

1. A tangible asset held for the services it yields in the production of goods and services; any item of plant.
2. A balance sheet classification denoting capital assets other than intangibles and investments in affiliated companies or other long-term investments. Included in the usual fixed-asset categories are land (from which the flow of services is seemingly permanent), buildings, building equipment, fixtures, machinery, tools (large and small), furniture, office devices, patterns, drawings, dies, and often containers; generally excluded are goodwill, patents, and other intangibles. The characteristic fixed asset has a limited life (land is the one important exception), and, in organizations where expenses are accounted for, its cost, less estimated salvage at the end of its useful life, is distributed over the periods it benefits by means of provisions for depreciation.

Fixed capital

The investment in capital assets.

APPENDIX B

Fixed cost (or expense)

An operating expense, or operating expense as a class, that does not vary with business Volume. Examples: interest on bonds; rent; property tax; depreciation (sometimes in part); minimal amounts of general overhead. Fixed costs are not fixed in the sense that they do not fluctuate or vary; they vary, but from causes independent of volume.

Fringe benefit

See employee benefit.

Full time equivalent employees (FTE)

An objective measurement of the personnel employment of an institution in term of full time labor capability. 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.

Function

1. The general end or purpose sought to be accomplished by an organizational unit.
2. A group of related activities serving a common end.
3. A collection of activities having related purposes.

Functional

Adapted to and capable of performance; a function or service performed by one organizational unit for another.

Functional accounting

Accounting by functions and activities; activity accounting.

Functional classification

The grouping of expenses according to the operating purposes (e.g., patient care, education, research) for which costs are incurred.

APPENDIX B

Fund

A self-contained accounting entity set up to account for specific activity or project.

Fund account

Any account reflecting transactions of a fund.

Fund accounting

Maintenance of separate and/or group accounts for health facility resources according to spending objectives set by donors, other outside sources, or the governing body.

Fund asset

An asset belonging to a particular fund or a group of funds.

Fund balance

The excess of assets over liabilities (net equity). In excess of liabilities over assets is known as a deficit in fund balance.

Fund balance sheet

A balance sheet divided into self-balancing sections, each of which shows the assets and liabilities of a single fund or group of related funds.

Fund group

A group of funds of similar character which are brought together for administrative and reporting purposes. Examples: current funds; loan funds; endowment funds; plant funds; agency funds.

Fund liability

A liability of a fund which is to be met out of its existing resources.

APPENDIX B

Funded debt

Debt evidenced by outstanding bonds or long-term notes.

Funded depreciation

See Depreciation Fund.

Funded reserve

A pension reserve, a reserve for bonuses or for the retirement of preferred stock, or other prospective future liability against which certain assets have been accumulated and set aside or earmarked.

Funds held in trust by others

Funds held and administered, at the direction of the donor, by an outside trustee for the benefit of an institution or institutions.

GAAP

Generally Accepted Accounting Principles.

Gain or loss

The net result of a concluded transaction or of an operating period, following the application of generally accepted accounting principles.

General fund

The assets and liabilities available for general purposes, as distinct from funds established for specific purposes.

General journal

The journal in which are recorded transactions not provided for in specialized journals.

APPENDIX B

General ledger

A ledger containing accounts in which all the transactions of a business enterprise or other accounting unit are classified either in detail or in summary form.

Generally accepted

Given authoritative recognition; said of accounting principles or audit standards, and the pronouncements concerning them, particularly, in recent years, those of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board.

Genetic Counseling

The process of determining the occurrence or risk of occurrence of a genetic disorder within a family, and of providing appropriate information and advice about the courses of action that are available.

Geriatric

Treatment of the aged.

Gift

Any voluntary conveyance of assets gratuitously made and not in consideration of any kind of exchange.

Goodwill

The excess of the price paid for a business as a whole over the book value or over the computed or agreed value of all tangible net assets purchased. Normally, goodwill thus acquired is the only type appearing on books of account and in financial statements.

Governing Board

The policy-making board of the hospital. Some of the responsibilities usually attributed to the governing board may be assumed by appropriate committees.

Gross

Undiminished by related deductions, except corrections; applied to sales, revenues, income, expense, and the like.

APPENDIX B

Gross charges (gross revenue)

The total charges at the hospital's full established rates for services rendered and goods sold (including patient related and non-patient related).

Gross square feet

The total floor areas of the plant, including common areas, (hallways, stairways, elevators, lobbies, closets, etc.).

Group Therapy

The application of psycho therapeutic techniques within a small group of emotionally disturbed persons.

Gynecologic Services

Services relating to the treatment of diseases of the genital tract in women.

Health facility

Any licensed facility, place, or building which is organized, maintained and operated for the diagnosis, care and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons to which such persons are admitted for a 24-hour stay or longer.

Health related care

Care, other than medical, that is performed by qualified personnel and pertains to protective, preventive, personal and social services.

Heart Transplant Services

Extremely complex services associated with heart transplantation.

Heliport

A ground facility for helicopters to land.

APPENDIX B

Hematology

Services relating to the treatment of the structure of the blood and blood forming tissues.

Hemodialysis

The removal of certain elements from the blood through the use of an artificial kidney (or kidney machine).

HFMA

Hospital Financial Management Association.

Histocompatibility

Services relating to the compatibility of donor organs with the donee through the study of HLA antigens.

Historical cost

The amount of cash or cash equivalent given in exchange for properties or services at the time of acquisition.

Home Health Aide Services

Homemaking services for the purpose of restoring health or minimizing the effects of illness and disability. Homemaking services include personal care, housekeeping, shopping, meal preparation, and laundry services.

Home Nursing Care

Nursing care rendered in the patient's home.

Home office

The office of the controlling organization. This office generally incurs costs and provides services to or on behalf of the individual health facility.

APPENDIX B

Home Physical Medicine Care

Home treatment using the aid of physical agents such as light, heat, cold, water or mechanical apparatus.

Home Dialysis Training

Instruction on the use of a dialysis machine in the home.

Home Hospice Care

Home care of a chronically ill person with the objective of maintaining a comfortable life-style through the terminal phases of dying.

Home I.V. Therapy Services

Home services relating to the maintenance of intervenous treatment.

Home Social Services Care

Services of a social worker performed in the home of a patient according to a plan of care.

Hospital

An establishment with an organized medical staff; with permanent facilities that include inpatient beds; and with medical services, including continuous nursing services, that provide diagnosis and treatment for patients, as defined in Section 1250 et. seq. of the Health and Safety Code as acute hospitals, acute psychiatric hospitals, and specialty hospitals.

Hospital Administrator Program

A hospital administrator program provides a residency for individuals who have completed an approved Master's Degree program in hospital or health services administration, public health or public health administration. A residency (preceptorship) is required for the trainees in a hospital or health facility approved by the college and accredited through ACEHSA or AUPHA. Trainees work for a specified time of on-the-job practical training, depending on the program requirements. Supervision must be from an experienced and qualified hospital administrator.

APPENDIX B

Hospital-based physician

A physician who spends the predominant part of his practice time within one or more hospitals instead of in an office setting, or providing services to one or more hospitals or their patients. Such physicians have either a special financial arrangement with the hospital (salary or percentage of fees collected) or bills patients separately for his/her services. Such physicians include directors of medical education, pathologists, anesthesiologists and radiologists, as well as physicians who staff emergency rooms and outpatient departments.

Hospital boarder

An individual who receives lodging in the hospital but who is not an inpatient. In most hospitals, a small number of persons who are not patients and who are not hospital personnel or physicians may, nevertheless, be occasionally provided with room and board, often in "areas of the hospital where patients generally stay at least overnight." Most often this is arranged so that they can be near children or other members of the family who are ill.

Hospital patient

An individual receiving, in person or otherwise (telemetry), hospital-based or coordinated medical services for which the hospital is responsible.

Hyperbaric Chamber Services

The use of a compartment in which air pressure may be raised to more than normal atmospheric pressure.

Hypertension clinic

Services relating to the outpatient medical treatment of persons afflicted with high blood pressure.

Immunology

Laboratory services relating to the response of the body or organ's response to antigenetic challenge and the chemical aspects of immune phenomena.

Imprest cash

Imprest fund.

APPENDIX B

Imprest fund

A fixed cash fund or petty cash fund in the form of currency, a bank checking account, or both, maintained for expenditures that must be made in cash, and from time to time restored to its original amount by a transfer from general cash of a sum equal to the aggregate of disbursements; a form of working fund.

Imprest system

The system under which imprest cash is disbursed and from time to time restored to its original amount through reimbursements equal to sums expended. Implicit in the concept is the review by a higher authority of the propriety of the expended amounts before reimbursement is approved.

Improvement

1. Betterment.
2. The clearing, draining, grading, or other addition to the worth of a tract of land; any cost of developing real estate, whether paid for directly or through special assessment taxes.
3. A betterment of leased property or plant.

Income realization

The recognition of income, the usual test being the passage of title to or delivery of goods, or the performance of services.

Income statement

A summary of the revenues and expenses of an accounting unit, or group of such units, for a specified period.

Increment

An increase in value from one point of time to another, without reference to cost or book value. Unearned increment has reference to an increase in the Value of land from causes to which the owner has made no contribution, as from growth of population.

Indirect cost

A functional cost not attributed to the production of a specified good or service but to an activity associated with production generally.

APPENDIX B

Indirect liability

1. An obligation not yet incurred but for which responsibility may have to be assumed in the future; as, the possible liability from the premature settlement of a long-term contract.
2. A debt of another, as the result of which an obligation to pay may develop; a contingent liability.

Infertility Services

Services relating to the treatment of a diminished or absent capacity to produce offspring.

Inpatient

A person who is formally admitted to the hospital for continuous general nursing service, including room and board accomodations, in an area of the hospital where patients stay at least overnight.

Inpatient admission

The formal acceptance by a health facility of a patient who is to be provided with room, board, and continuous nursing service in an area of the health facility where patients generally stay at least overnight.

Inpatient bed count

The number of available health facility inpatient beds, both occupied and vacant, on any given day.

Inpatient bed count day

A unit of measure denoting the presence of one inpatient bed (either occupied or vacant) set up and staffed for use in one 24-hour period.

Inpatient bed count days (total)

The sum of inpatient bed count days for each of the days in the period under consideration.

APPENDIX B

Inpatient bed occupancy ratio

The proportion of inpatient beds occupied, defined as the ratio of inpatient service days to inpatient bed count days in the period under consideration.

Inpatient census

See daily inpatient census.

Inpatient discharge

The termination of period of inpatient care through the formal release of an inpatient by a health care facility.

Intangible asset

A capital asset having no physical existence, its value being limited by the rights and anticipative benefits that possession confers upon the owner.

Intensive care

Services provided in a routine patient care unit to patients which require extraordinary observation and care on a concentrated exhaustive and continuous basis.

Inter-fund transfer

The transfer of money or other asset or of a liability from one fund to another.

Intermediate care facility

A licensed health facility which provides inpatient care to ambulatory or semi-ambulatory patients who have recurring need for skilled nursing supervision and need supportive care, but who do not require availability of continuous skilled nursing care.

Intern

A graduate of a medical/osteopathic/dental school serving a first year period of graduate clinical training.

APPENDIX B

Intern Program

1. A program designed for a person trained in a profession allied to medicine, who undergoes a period of practical supervised clinical experience prior to practicing their profession, usually prior to licensure or certification.

2. A medical residency intern program is for a person who completed an undergraduate medical school curriculum and is serving in residence at a hospital. In some institutions the term intern is used to identify persons in the first post-M.D. year. Currently such persons are referred to as graduate year 1 (GY-1) residents, post-graduate year, (PG-1) or resident year 1 (R-1).

Internal control

The general methodology by which management is carried on within an organization; also, any of the numerous devices for supervising and directing an operation or operations generally.

Internal control, a management function, is a basic factor operating in one form or another in the administration of every organization, business or otherwise. Although sometimes identified with the administrative organism itself, it is often characterized as the nervous system that activates overall operating policies and keeps them within practicable performance ranges.

The Principal elements contributing to internal control are usually these:

1. Recognition that within every organizational unit there are one or more functional or action components known as activities, cost or responsibility centers, or management units;

2. Delegated operating authority in each organizational unit permitting freedom of action within defined limits;

3. The linking of expenditures--their incurrence and disposition--with specified individual authority;

4. End-product planning:
(a) by means of a budget fitted to the organizational structure and to its functional components, thus maintaining dual forward operating disciplines; and
(b) the adoption of standards of comparison and other performance measurements such as standard costs, quality controls and timing goals;

APPENDIX B

5. An accounting process that provides organizational and functional administrators with prompt, complete, and accurate information on operating performance, and comparisons with predetermined performance standards;

6. Periodic reports, consonant with accounting and related records, by activity heads to supervisory management; reports serving as feedbacks of informative pictures of operations, and as displays of favorable and unfavorable factors that have influenced performance;

7. Internal check, built into operating procedures, and providing maximum protection against fraud and error;

8. Frequent professional appraisals, through internal audit, of management and its policies and operations generally, as a protective and constructive management service, its emphasis Varying with the quality of operating policies and their administration; and

9. The construction of the above controls in such a manner as to stimulate and take full advantage of those natural attributes of individual employees the recognition and exercise of which may obviate the need for some internal controls and determine the extent and rigidity of others.

Inventory control

The control of merchandise, materials, goods in process, finished goods, and supplies on hand by accounting and physical methods. An accounting control is effected by means of a stock or stores ledger, mechanical storage records, or a ledger account in which the quantities or amounts (or both) of goods received during an accounting period are added to corresponding balances at the beginning of the period and amounts of goods sold or otherwise disposed of are deducted at a calculated cost based on individual identification or any of various methods of averaging. Physical controls consist of various plans of buying, storing, handling, issuing, supervising, and stocktaking. Stockledger control is made more effective by physical control in the nature of a continuous check of the goods on hand.

Inventory valuation

The determination of the cost or the portion of cost assignable to on-hand raw materials, merchandise held for resale, and supplies based on any generally accepted method consistently applied.

APPENDIX B

Invested capital

1. The amount of capital contributed to a business by its owners; capital.
2. The amount so contributed, plus retained earnings (or less accumulated losses) and appropriated surplus.

Investor-owned (proprietary) hospital

A hospital owned by a person, an unincorporated group of people, or a corporation. Operation of this type of hospital is usually intended to return a monetary gain to the investors; but may include instances where individuals own and operate hospitals primarily for community benefit.

Invoice

A document showing the character, quantity, price, terms, nature of delivery, and other particulars of goods sold or of services rendered.

Invoice cost

Cost incurred by a buyer and reflected on an invoice which, unless otherwise specified, is net after deducting trade discounts.

Irrevocable trust

A trust that cannot be set aside by its creator.

Jail Care

Services relating to the diagnosis and treatment of persons at a detentional facility.

Kidney Transplant Services

Extremely complex services associated with kidney transplantation.

Lease

A conveyance of land or of the use of a building or a part of a building or equipment from one person (lessor) to another (lessee) for a specified period of time, in return for rent or other compensation.

APPENDIX B

Leasehold

An interest in land, buildings, and equipment under the terms of a lease, normally classified as a (tangible) fixed asset.

Ledger control

The control of a subsidiary record or ledger by the use of a control account. Ledger control is limited to a proof that all items were recorded in the subsidiary record or that they were accurately made, as required, to the debit and credit sides of that record. It does not furnish proof that every item was recorded in its proper account in the subsidiary record.

Length of stay

The number of calendar days from admission to discharge, counting the day of admission but not the day of discharge.

Liability

1. An amount owing by one person (a debtor) to another (a creditor), payable in money, or in goods or services: the consequence of an asset of service received or a loss incurred or accrued; particularly, any debt
   (a) due or past due (current liability),
   (b) due at a specified time in the future (e.g., funded debt, accrued liability), or
   (c) due only on failure to perform a future act (deferred income, contingent liability).
2. The title of the credit half of a balance sheet, often including net worth as well as obligations to outsiders; when thus used, the inference is that the organization reflected in the balance sheet has a status independent of both its creditors and its owners--to whom it must account in the amounts shown.

License

A permission granted by competent authority to engage in a business or corporation or any activity otherwise unlawful.

Licensed beds

Health facility beds (excluding bassinets) licensed by the Department of Health Services under Section 1250 of the Health and Safety Code.

APPENDIX B

Licensed Vocational Nurse (LVN) Student Program

An L.V.N. program is for a person in the process of completing a nursing program approved by the Board of Vocational Nurse and Psychiatric Technician Examiners. In such a program 1530 hours of study and concurrent practice are required with clinical supervision done by the program instructor in an affiliated hospital or health facility.

Limited-life asset

Any capital asset, as a building, machine, or patent, the usefulness of which to its owner is restricted by its physical life or by the period during which it contributes to operations.

Liquid asset

Cash in banks and on hand, and other cash assets not set aside for specific purposes other than the payment of a current liability, or a readily marketable investment. The term is somewhat less restrictive than cash asset and much more restrictive than quick asset.

Living trust funds

Funds acquired by an institution subject to agreement whereby resources are made available to the institution on condition that the institution pay periodically to a designated person, or persons, the income earned on the resources acquired for the lifetime of the designated person, or persons, or for a specified period.

Long-term health care facility

Any facility which is separately licensed as an intermediate care or skilled nursing facility.

Maintenance

Effort expended to maintain assets in fit condition to do their work--such items are ordinary and recurring and do not improve the asset or add to its life. A useful distinction between maintenance as preventive and repairs as curative.

Managed Care

When patients are enrolled in a health plan to receive health care from providers on a pre-negotiated or per diem basis, usually involving utilization review (includes Health Maintenance Organizations (HMO), Health Maintenance Organizations with Point-of-Service option (POS), Preferred Provider Organizations (PPO), Exclusive Provider Organizations (EPO), Exclusive Provider Organizations with Point-of-Service option (POS), etc.).

APPENDIX B

Management

1. Executive authority; the combined fields of policy and administration.
2. As applied to individuals:
   (a) the head of an organization, or
   (b) collectively, the head and his immediate staff and any or all persons possessing supervisory person's delegated authority.
   (c) Hence, broadly, the persons within an organization who originate transactions.

Materiality

1. The relative importance, when measured against a standard of comparison, of any item (cumulative by cost center or account) included in or omitted from books of account or financial statements, or of any procedure or change in procedure that conceivably might affect such statements.
2 The characteristic attaching to a statement, fact, or item whereby its disclosure or the method of giving it expression would be likely to influence the judgment of a reasonable person.
3. An amount is material if its exclusion from or inclusion in an accounting statement would make it misleading.

Medicaid (Title XIX)

A Federally-aided, State operated and administered program which provides medical benefits for certain low-income persons in need of health and medical care. The program, authorized by Title XIX of the Social Security Act, is basically for the poor. It does not cover all of the poor, however, but only persons who are members of one of the categories of people who can be covered under the welfare cash payment programs--the aged, the blind, the disabled, and members of families with dependent children where one parent is absent, incapacitated or unemployed. Subject to broad Federal guidelines, States determine the benefits covered, program eligibility, rates of payment for providers, and methods of administering the program.

Medi-Cal

A state-administered third-party reimbursement program designed to underwrite health facility costs of the medically indigent and those on certain public welfare programs.

APPENDIX B

Medical record

A record kept on patients which properly contains sufficient information to identify the patient clearly, to justify his diagnosis and treatment, and to document the results accurately. The purposes of the record are to serve as the basis for planning and continuity of patient care; provide a means of communication among physicians and any professional contributing to patient's care; furnish documentary evidence of the patient's course of illness and treatment; serve as a basis for review, study, and evaluation; serve in protecting the legal interests of the patient, hospital, and responsible practitioner; and provide data for use in research and education. Medical records and their contents are not usually available to the patient himself. The content of the record is usually confidential. Each different provider in a community caring for a given patient usually keeps an independent record of that care.

Medical Records Administrator Program

A medical records administrator program is for individuals in the clinical phase of their training to become medical records administrators. Medical records administrators are registered by the American Medical Records Association in cooperation with the American Medical Association Committee on Allied Health Education and Accreditation to become Registered Record Administrators (RRA). A bachelors degree from an approved program is required prior to registration in addition to completion of specified courses and supervised clinical experience in an affiliated health care institution (hospital). Supervision during the clinical phase may be done by the program instructor, by an RRA, or by a designated medical records supervisor. Duration of the clinical phase depends upon program requirements, however, four (4) consecutive weeks of management affiliation in an approved hospital are required.

Medical Records Technician/Accredited Records Technician Program

Individuals who have successfully completed a medical records technician program are accredited by the American Medical Records Association in cooperation with the American Medical Association Committee on Allied Health Education and Accreditation. The completion of specific courses, an associate degree, and supervised clinical experience are additional requirements. Supervision during the clinical phase must be done by the program instructor, by another ART or an RRA in an affiliated health care institution/hospital.

Medical Research

Research activity concerned with clinical care provided, usually inpatient care.

APPENDIX B

Medical services

The services pertaining to medical care that are per- formed at the direction of a physician on behalf of patients by physicians, dentists, nurses, and other professional and technical personnel.

Medical staff classification

Appointments to the medical staff fall into several classes, the most common of which are:

1. Attending -- Have full admitting privileges in accordance with their abilities and qualifications, and also participate as members of the medical staff committee, serve as officers of the medical staff and serve as directors or chiefs of departments. They are required to attend meetings of the general staff and departmental staff, and may be required to devote time to the education programs and supervise residents in outpatient clinics or emergency departments.

2. Associate -- New applicants are generally appointed as associate staff members for a period of 2 to 4 years, after which they become members of the attending staff.

3. Courtesy -- Certain doctors are designated as courtesy members when they have retired. They have privileges consistent with their abilities and qualifications.

4. Consulting -- Physicians of recognized professional ability in their specialty but who are not members of the attending staff.

5. House staff (Paid Staff) -- Licensed physicians who are employed by the hospital to provide service to all patients, according to need, and are subject to the approval of the patients' own physicians.

Medical Technologist Program (Clinical Laboratory Technologist)

Individuals in a medical technologist program must complete a bachelors degree in appropriate laboratory science or courses specified and approved by the Department of Health Services (DHS), and complete a 12 month supervised clinical experience (internship) in a State approved training laboratory. This may or may not be in a hospital. Supervision is by a licensed clinical lab technologist.

APPENDIX B

Medicare

A third-party reimbursement program administered by the Social Security Administration that underwrites the medical costs of persons 65 and over and some qualified persons under 65. "Part A" covers hospital services and "Part B" covers physicians' services.

Mentally disordered patient

A person with a chronic psychiatric impairment and whose adaptive functioning is moderately impaired. This patient requires continuous supervision and can be expected to benefit from an active rehabilitation program effort designed to improve his adaptive functioning and develop a potential for placement in a less protected living environment.

Metabolic clinic

Services relating to the outpatient diagnosis and treatment of persons afflicted with metabolism disorders.

Microbiology

Laboratory services relating to the study of micro-organisms including bacteria, fungi and viruses.

Milieu Therapy

Services that incorporate a variety of health care professionals (doctors, nurses, therapists, etc.) in the treatment of mental, emotional and behavioral disorders, usually in a group setting.

Modernization

Includes the alteration, expansion, major repair (to the extent permitted by regulations) remodeling, replacement, and renovation of existing buildings (including initial equipment thereof and the replacement of obsolete equipment of existing buildings).

Necropsy

Examination of the body after death, autopsy.

APPENDIX B

Neonatal clinic

Outpatient medical services given to an infant during the first 28 days after birth.

Net

Diminished by all relevant and commonly associated deductions.

Net square feet

Gross square feet of a building less common areas. To determine net square feet, the number of square feet in each cost center of the hospital may be determined either by a physical measurement of the hospital or by a measurement from blueprints. Floor area measurements should be taken from the center of walls to the center of adjoining corridors if a hallway services more than one cost center. Exclude stairwells, elevators, and other shafts, commonly used (lobbies, etc.) and idle areas. Idle areas are those areas that are closed off or unused for a period of time. Hallways, waiting rooms, storage areas, etc., serving only one cost center should be included in that cost center. The effect of using only usable space in the allocable floor area is to allocate the non-productive space (commonly used and idle area) among the cost centers in the ratio of space used.

Net worth

The aggregate appearing on the accounting records of the equities representing proprietary interests; the excess of the going-concern's value of assets over liabilities to outsiders; of a corporation, the total of paid-in capital, retained earnings, and appropriated surplus; of a sole proprietorship, the proprietor's account; of a partnership, the sum of the partner's accounts.

Neurology clinic

Services relating to the outpatient diagnosis and treatment of persons afflicted with nervous system disorders.

Neurosurgical

Surgery of the nervous system that is designed to restore normal conductivity in malfunctional nerve fibers, improve blood flow in nerve tissue or alleviate mental illness.

APPENDIX B

Nominal account

Any of the accounts the balances of which are transferred to retained earnings at the close of each fiscal year: so called because such accounts reflect completed transactions or expired costs

Nonexpendable fund

See Endowment fund, which is the preferred term.

Non-Approved Residency Program

A non-approved residency or fellowship program is a program which has not sought formal approval or a program in which such approval is not needed since the residents or fellows are receiving training credit through an affiliated institution.

Non-operating expense

The expenses of a hospital which is not directly related to patient care, related patient services, or the sale of related goods. For example, non-operating expenses includes losses on sale of hospital property and retail operations expenses.

Non-operating revenue

The revenue of a hospital which is not directly related to patient care, related patient services, or the sale of related goods. For example, non-operating revenue includes unrestricted gifts, unrestricted income from endowment funds, gain on sale of hospital properties, and retail operation revenue.

Non-profit corporation

An incorporate charity, or any corporation operated under a policy by which no stockholder or trustee shares in the profits or losses, if any, of the enterprise.

Non-revenue-producing cost centers

These are overhead units, such as dietary and plant operations and maintenance, that provide necessary support services to revenue-producing centers.

APPENDIX B

Non-routine maintenance and repairs

Maintenance and repair work which is not repetitive and not performed regularly.

Nursing services

Services pertaining to the curative, rehabilitative, and preventive aspects of nursing care that are planned, performed, supervised, and/or directed by a registered professional nurse.

Nurse Anesthetist Training Program

A nurse anesthetist training program is for a registered nurse with at least one year experience in acute care, with a baccalaureate degree, who is completing a 24-36 month training program approved by the Council of Accreditation of Anesthesia Educational Programs. Theory and clinical experience are concurrent. Supervision during the clinical phase is by the program instructor or a certified nurse anesthetist or anesthesiologist preceptor in an affiliated hospital.

Nurse Midwife Program

A nurse midwife program is for a registered nurse who seeks certification as a nurse midwife. The nurse must meet the criteria of one approved certification method to become certified. The most common methods are: (1) complete a Board of Registered Nursing approved program; (2) Meet the certification criteria of the Association of Certified Nurse Midwives (ACNM); or (3) Successfully challenge curriculum and experience criteria. Supervised hospital based clinical experience is done by program instructors, certified nurse midwife preceptors and/or nurse practitioners in a hospital affiliated with a University program. Programs are approximately two years in duration.

Nurse Practitioner Program

A nurse practitioner program is for a registered nurse who must complete approximately 576 hours of graduate level training and supervised clinical experience in a program approved by the Board of Registered Nursing to be designated as a nurse practitioner. Supervision in the clinical setting is done by program instructors or approved nurse practitioner preceptors. The clinical setting may or may not be in a hospital.

Obesity clinic

Services relating to outpatient treatment of abnormal amounts of body fat.

APPENDIX B

Object classification

A method of classifying expenditures according to their natural classification such as salaries and wages, employee benefits, supplies, purchased services, etc.

Obsolescence

The loss in usefulness of an asset, occasioned by the approach to the stage of economic uselessness through progress of the arts; economic inutility arising from external causes; disappearing usefulness resulting from invention, change of style, legislation, or other causes having no physical relation to the object affected. It is distinguished from exhaustion, wear and tear, and deterioration in that these terms refer to a functional loss arising out of a change in physical condition.

Obstetrics clinic

Services relating to outpatient care of the mother and fetus throughout pregnancy, childbirth, and the immediate postpartum period.

Occasion of service

A specific identifiable instance of an act of service involved in the medical care of health facility patients.

Occupational Therapist Program

An individual in an occupational therapist program must complete four years in an approved O.T. program accredited by the American Medical Association or the American Occupational Therapy Association prior to certification. Six to nine months of that time must be in a supervised clinical experience under the direction of a certified occupational therapist. No additional internship is required.

Occupancy expense

Expense relating to the use of property. Examples: rent, heat, light, depreciation, upkeep, and general care of premises occupied.

On-call pay (standby)

Standby pay is compensation to an employee for being available to work.

APPENDIX B

Oncology

The study and analysis of the causes, development, characteristics and treatment of tumors, particularly malignant ones.

Open Heart Surgery

Services associated with complex open heart surgery in which the heart beat is temporarily stopped and its functions taken over by a mechanical pump (heart-lung machine).

Operating budget

A budget covering recurrent revenue and expense.

Operating cost (or expense)

An expense incurred in conducting the ordinary major activities of an enterprise, usually excluding "nonoperating" expense or income deductions.

Operating fund

The funds within the Unrestricted Fund which have not been designated by the governing board of the hospital for special uses.

Operating income (or profit)

The excess of the revenues of a business enterprise over the expenses pertaining thereto, excluding income and expense derived from sources other than its regular activities.

Operating lease

A lease which fails to meet all of the following four criteria;

1. The present value of the minimum lease payments is 90% of the fair value of the property to the lessor.

2. The lease term is 75% or more of the leased property's estimated economic life.

3. The lease contains a bargain (less than fair Value) purchase option.

APPENDIX B

4. Ownership is transferred to the lessee by the end of the lease term. (See FASB Statement No. 13 for further details.)

Operating revenue

Operating Revenue includes revenue directly related to the rendering of patient care services and revenue from non-patient care services to patients and sales and activities to persons other than patients.

Ophthalmologic Services

Services dealing with the eye, it's anatomy, physiology and pathology.

Ophthalmology clinic

Services relating to outpatient diagnosis and treatment of eye disorders.

Organization cost (or Expense)

Any cost incurred in establishing a corporation or other form of organization; as, incorporation, legal and accounting fees, promotional costs incident. to the sale of securities, security qualification expense, and printing of stock certificates. These and similar costs constitute, theoretically, an intangible asset of value which continues throughout the life of the corporation and hence, strictly, do not constitute a deferred charge. The organization costs must be amortized over a period of time not less than 60 months.

Organ Transplant

An organ taken from the body of an individual for grafting into another individual.

Organizational unit

Any administrative subdivision of an enterprise, especially one charged with carrying on one or more functions or activities.

Original cost

Outlay for an asset by its owner, not including any adjustments of cost arising from post-acquisition alterations, improvements, or depreciation.

APPENDIX B

Orthopedic

The correction or treatment of deformities of the musculoskeletal system.

Orthopedic Emergency Services

Emergency treatment relating to the correction or treatment of deformities of the musculoskeletal system.

Orthopedic clinic

Services relating to outpatient correction or treatment of deformities of the musculoskeletal system.

Other operating revenue

Other operating revenue includes revenue from non-patient care services to patients and sales and activities to persons other than patients, and the value of donated commodities.

Other Transplant Services

Extreme complex services associated with the transplantation of organs other than heart and kidney.

Otolaryngolic Services

Services relating to the medical and surgical treatment of the head and neck including the ears, nose and throat (ENT).

Otolaryngology Clinic

Services relating to outpatient diagnosis and treatment of the head and neck including the ears, nose and throat (ENT).

Outlier

Additional reimbursement for Medicare inpatients that have unusually long lengths of stay or unusually high costs. This amount is paid in addition to the DRG amount.

APPENDIX B

Outpatient

A person who receives health care services in a hospital without being formally admitted as an inpatient, even though the patient may require overnight accomodations for observation care.

Outstanding

1. Uncollected or unpaid: said of an account or note receivable or payable, or of a check sent to the payee but not yet cleared against the drawee bank.
2. In the hands of others: said of the units of funded debt of a corporation or of the certificates representing issued shares of capital stock in the hands of the public; treasury stock is defined in terms of shares issued but not outstanding.

Overhead

1. Any cost of doing business other than a direct cost of an output of product or service.
2. A general name for costs of materials and services not directly adding to or readily identifiable with the product or service constituting the main object of an operation.

Owners equity

Net Worth.

Ownership

The right to and enjoyment of services or benefits flowing from an asset, usually evidenced by the possession of legal title or by a beneficial interest in the title.

Paid-in capital

The total amount of cash, property, and services contributed to a corporation by its stockholders and constituting a major balance sheet item. It may be reflected in a single account or divided between Capital Stock and additional Paid-in Capital accounts.

Paid staff

See Medical Staff Classification.

APPENDIX B

Parent company

A controlling company having subsidiaries. Without a trade or business of its own, a parent company may also be termed a holding company.

Parent Training Class

Instruction for parents and future parents on childbirth and childrearing.

Part A and part B services

Medicare benefits are payable from two funds. Part A services, which, in general, are those rendered by institutions, are reimbursed from funds derived from payroll tax. Part B services, generally medical and surgical physicians' services, and outpatient treatment and diagnosis are reimbursed from the fund created by voluntary premium payments and general federal revenues.

Patient care services revenue

The hospital's full established charges for services rendered to patients regardless of amounts actually paid to the hospital by or in behalf of patients.

Patient (census) day

A unit of measure denoting lodging facilities provided and services rendered to one inpatient between the census taking hour on two successive days. Synonymous terms: inpatient day, inpatient service day, census day, bed occupancy day.

Patient Representative

Hospital employee paid to assist and advocate for patients who encounter problems with their care.

Pathology, Anatomical

The study of the structural or functional changes in tissues and organs of the body which cause or are caused by disease.

Pathology, Clinical

Pathology applied to the use of clinical problems through the use of laboratory methods in clinical diagnosis.

APPENDIX B

Pathology, Surgical

Pathology of disease processes which are surgically accessible for diagnosis or treatment.

Payor

A person or organization which pays the hospital for services rendered to patients. This can be the patient and/or third parties such as Medi-Cal, Medicare, Blue Cross, or other private insurance plans.

Payroll distribution

1. An analysis of the total amount of salaries and wages paid or accrued for a period, showing the component amounts to be charged to the various departments, operations, activities, or products affected.
2. The entry by which the amount of salaries and wages paid or accrued for a period is charged in the required detail to the accounts or records.

Payroll records

The records relating to the authorization, computation, distribution, and payment of wages and salaries. They include payrolls, time slips, time-clock cards, withholding authorizations, cancelled payroll checks or receipts for wages paid, wage and salary authorizations and individual earnings records.

Pediatric patient

Children less than 14 years and including boarder patients.

Pediatric clinic

Services relating to outpatient diagnosis, care and treatment of children.

Pediatric Surgery

Services relating to outpatient surgical procedures for injuries, deformities or disease of children.

APPENDIX B

Periodic interim payment (PIP)

A plan under which the hospital receives cash payments from third-party payors (usually Medicare) in constant amounts each period. The total of these payments received over a year is the estimated cost of providing services to patients covered by the plan.

Peripheral Vascular Laboratory

Services relating to the diagnosis of vascular disorders in the extremities.

Peritoneal dialysis

The introduction of dialysate into the peritoneal cavity where it is left several hours for the purpose of removing body waste products from the blood.

Permanent funds

See Endowment fund, which is the preferred term.

Perpetual inventory

A book inventory kept in continuous agreement with stock on hand by means of a detailed record that may also serve as a subsidiary ledger where dollar amounts as well as physical quantities are maintained. Sections of the stockroom are inventoried at short intervals and the quantities or amounts or both are adjusted, where necessary, to the physical count.

Personal property

Property or assets of a temporary and movable character as contrasted with real property.

Petty cash fund

See imprest fund.

Pharmacy Intern Program

A prerequisite to licensure for a graduate from an accredited pharmacy degree program is the completion of 1500 hours on-the-job training in an approved hospital pharmacy under the supervision of a licensed pharmacist.

APPENDIX B

Physical inventory

An inventory determined by observation and evidenced by a listing of the actual count, weight, or measure.

Physical life

Total potential operating life, as of a machine, as contrasted with useful or economic life, which may be much less because of the presence of obsolescence or inadequacy, or both.

Physical Therapist Program (P.T.)

An individual in a physical therapist program must complete a program approved by the Physical Therapy Committee of the California Board of Quality Assurance. This includes a 12-16 month course in physical therapy and 1400 hours of supervised clinical experience in an approved hospital or health facility under the direct supervision of a registered physical therapist (RPT).

Physician

A doctor of medicine or of osteopathy who is fully licensed to practice medicine.

Physician Assistant (P.A.) Program

An individual in a physician assistant program must complete an 18-24 month program that is approved by the California Board of Quality Assurance, Physician's Assistant committee, and is affiliated with a school of medicine or a community college. In addition, a 3 month preceptorship under the direct supervision of an M.D. is required. Part of the supervised clinical experience may be in a hospital setting.

Physician, attending

The physician who has legal responsibility for the care of a patient in a hospital.

Physician, teaching

Physicians who have primary responsibility for teaching activities related to graduate physicians in training or medical/osteopathic/dental undergraduate students in an identified clinical service.

APPENDIX B

Physician Training Program

A physician training program is designed to meet the requirement that medical students complete at least 4000 hours of medical or osteopathic school curriculum approved by the Board of Quality Assurance or the Board of Osteopathic Examiners, and complete at least one year of physician supervised ACGME post graduate training in an approved hospital as an intern or (GY-1) resident. Residency programs range from one to five+ years depending on the specialty or sub-specialty. While hospitals typically provide a residency program to M.D.'s, there are structured programs in hospitals affiliated with medical schools who provide supervised clinical instruction to 3rd and 4th year medical students.

Plant

Physical properties used for institutional purposes; i.e., land, building, improvements, equipment, and so forth. The term does not include real estate or properties of restricted or unrestricted funds not used for health facility operations.

Plant replacement and expansion funds

Funds restricted by donor or granted for renewal, expansion, or replacement of plant.

Plastic Services

Surgical treatment relating to the building up of tissues or the restoration of a lost part.

Podiatry Services

Medical and surgical treatment of the feet.

Podiatry clinic

Services relating to outpatient medical and surgical treatment of the feet.

Pooled investments

Assets of two or more funds consolidated for investment purposes.

APPENDIX B

Positron Emission Tomography (PET)

Imaging services where a substance label with radioactive isotopes is introduced into the brain or organs and serial cross section photos of the positrons emitted by the brain or organs are taken.

Post Partum

The care of the mother after childbirth.

Pre-Hospital/Emergency Medical Technician (includes EMT I, EMT II and Paramedic) Program

An emergency medical technician program is for a person training to become an emergency medical technician (EMT I, EMT II or Paramedic) and who must complete a course of study approved by the local Emergency Medical Services authority (individual counties are the approving authority). Courses include 172 hours of supervised clinical experience in the emergency room and at least 40 advanced life support patient contacts in the field (pre-hospital contacts). Supervision is by Emergency Room hospital staff. Programs are provided in base hospitals with county contracts. A person who has been certified by the medical director of the local EMS agency to provide pre-hospital advanced life support to patients within a specified jurisdiction, provides care under the direct supervision of a physician or registered nurse, or while at the scene of a medical emergency, or during transport, or during inter-facility transfer when medical direction is maintained by a physician or an authorized registered nurse.

Premature infant

An infant born at any time through the 37th week of gestation (259 days).

Prepaid expense

An expenditure, often recurrent, for future benefits; a type of deferred charge. Examples: prepaid operating expenses, prepaid rent, taxes, royalties, commissions; unexpired insurance premiums; stationery and office supplies. Such items are classifiable as current assets and constitute a part of working capital; they are charged to future operations on the basis of measurable benefits or on a time or period-charge basis.

APPENDIX B

Prepay

To pay for a service before its receipt or enjoyment; such prepayment, as for insurance or rent, reflecting long-established commercial practices, contrasts with accrue (or the recognition of the receipt or enjoyment of other types of services paid for after their receipt or enjoyment).

Present value

The price a buyer is willing to pay for one or a series of future benefits, the term generally being associated with a formal computation of the estimated worth in the future of such benefits from which a discount or compensation for waiting is deducted.

Principal

A sum on which interest accrues; capital, as distinguished from income.

Prior-period adjustment

A correction of an error in earlier financial statements or an adjustment that results from realization of income tax benefits or pre-acquisition loss carry forwards of purchased subsidiaries, all other items of profit or loss recognized in a fiscal year are required to be included in the determination of net income in the year recognized (see FASB Statement No. 16).

Procedure

A unit of activity in an ancillary cost center. For example, a procedure in a radiology cost center may be a series of pictures which constitute an exam.

Professional component

The professional services provided to patients by hospital-based physicians, as opposed to the education, research, and administrative duties performed by the hospital-based physicians.

Program

Daily hospital or ambulatory service category of the patient.

APPENDIX B

Proprietary accounts

1. The accounts, including nominal accounts, containing the equities of owners.
2. (governmental accounting) The accounts reflecting the assets and liabilities, and displaying the result of operations in terms of revenue, expense, surplus, or deficit.

Prorate

To assign or redistribute a portion of a cost, such as a joint cost, to a department, operation, activity, or product according to some formula or other agreed-to, often arbitrary, procedure.

Provider

An individual or institution which gives medical care. Institutional providers include a hospital, skilled nursing facility and intermediate care facility. Individual providers include individuals (physicians, dentists, etc.) who practice independently of institutional providers and whose primary activity is the provision of health care to individuals.

Psychopharmacological Therapy

The use of drugs in the modification of psychological functions and mental states.

Psychiatric clinic

Services relating to outpatient treatment and prevention of mental, emotional and behavioral disorders.

Psychiatric Foster Home Care

Home services relating to the treatment and prevention of mental, emotional and behavioral disorders of children who are wards of the State and are placed in foster homes.

Pulmonary Intensive Care

Intensive care of patients with lung related and pulmonary artery disorders.

APPENDIX B

Quick asset

A current asset normally convertible into cash within a relatively short period, such as a month. Examples; cash, call loan, marketable security, customer's account, a commodity immediately salable at quoted prices on the open market.

Radiation Therapy

Medical treatment of cancer using different types of rays such as alpha, beta gamma, x-ray and implants of radium. This is also referred to as radiation oncology.

Radium Therapy

The use of radium, a radioactive substance, in the treatment of malignancies.

Radioactive Implants

The insertion of radioactive material into the tissue to treat malignant tumors.

Radioisotope Decontamination Room

Services relating to the immediate decontamination of persons exposed to harmful levels of radiation.

Real estate (or property)

Land and land improvements, including buildings and appurtenances.

Record

A book or document containing or evidencing some or all of the activities of a hospital or containing or supporting a transaction, entry, or account. Examples: a book: of account; subsidiary ledger; invoice; voucher; contract; correspondence; internal report; minute book.

Recreational Therapy

A type of therapy designed to restore and maintain function utilizing recreational activities.

APPENDIX B

Referred outpatient

An outpatient who is referred by his private physician to the institution for diagnosis or treatment on an ambulatory basis. The responsibility for medical care remains with the referring physician.

Refund

An amount paid back or a credit allowed on account of an over collection; rebate.

Registration

The process of formally entering a patients' name on the institution's records for service in a routine outpatient care service area.

Registered Nurse (R.N.) Student Program

A Registered Nurse training program is for a person in the process of completing a nursing course of instruction. For such a program to be approved by the Board of Registered Nursing, a minimum of 58 semester units or 87 quarter units are required. Theory and supervised clinical experience are to be concurrent. The clinical experience must be in a facility affiliated with an approved nursing program. Supervision of the clinical experience is done by authorized program instructors or in some cases by authorized hospital staff nurse preceptors. Programs may be 2, 3 or 4 years duration.

Relative value unit

Index number assigned to various procedures based upon the relative amount of labor, supplies, and capital needed to perform the procedure. The unit value represents the cost of performing a service relative to some other service which is used as a base; i.e., has a unit value of one.

Remuneration

Compensation for value of service rendered or expense incurred.

Renal clinic

Services relating to outpatient diagnosis and treatment of persons afflicted with kidney disorders.

APPENDIX B

Repair

1. The restoration of a capital asset to its full productive capacity , or a contribution thereto, after damage, accident, or prolonged use, without increase in its previously estimated service life or productive capacity.

2. The charge to operations representing the cost of such restoration.

Replacement

The substitution of one fixed asset for another particularly of a new asset for an old, or of a new part for an old part. On the books of account, the recognition of the cost of the new asset requires the elimination of the cost of the asset it replaces.

Replacement cost

1. The cost of an acquired asset or asset part, capitalizable if the cost of its retired counterpart is removed from the asset account.

2. The cost at current prices, in a particular locality or market area, of replacing an item of property or a group of assets.

Reporting manual

A handbook of accounting policies, principles, and concepts including a chart of accounts with definitions and standard units of measure, which establishes a foundation for uniform reporting for Health Services Institutions.

Reporting period

The period of time for which an operating statement is prepared. This period shall consist of the 12 consecutive calendar months or 13 four-week periods that begin on the first day of a month with an additional day (two in a leap year) added to the last period to make it coincide with the end of the month.

Reporting principles

The body of doctrine associated with accounting, serving as an explanation of current practices and as a guide in the selection of conventions and procedures.

APPENDIX B

Reserve

A segregation of retained earnings evidenced by the creation of a subordinate account. The segregation may be temporary or permanent, the purpose being to indicate to stockholders and creditors that a portion of retained earnings is recognized as unavailable for dividends. Examples; reserve for contingencies; reserve for improvements; sinking fund reserve.

Resident

A graduate of a medical/osteophathical/dental school serving an advanced period of graduate training. This may represent the first year of graduate training or any year thereafter.

Resident Program or Residency Program

A residency program is for a graduate student or post graduate student who lives and/or works in a health facility to gain practical experience and to pursue further studies, or an M.D. serving in a residency in preparation for licensing and general practice or for board credentialing and practice in that specialty. Trainees in all ACGME accredited programs and some non-accredited programs are referred to as residents.

Residential facility

Any family home, group home, social rehabilitation facility or similar facility for 24-hour nonmedical care to persons in need of personal services, protection, supervision, assistance, guidance or training essential for sustaining the activities of daily living or for the protection of the individual.

Respiratory Therapist Program

An individual in a respiratory therapist program must complete a traditional or non-traditional program (12 months to 4 years) approved by the Joint Committee for Respiratory Therapy Education prior to being certified by the National Board of Respiratory Therapy (NBRC). Program theory and supervised clinical experience are concurrent. Clinical experience is supervised by a program instructor. Supervised clinical experience is most frequently done in a hospital setting. No internship is required. A respiratory therapist is licensed by the Respiratory Care Committee of the California Board of Medical Quality Assurance.

APPENDIX B

Responsibility

The obligation prudently to exercise assigned or imputed authority attaching to the assigned or imputed role of an individual or group participating in organizational activities or decisions.

Responsibility accounting

The classification, management, maintenance, review, appraisal of accounts serving the purpose of providing information on the quality, quantity, and standards of performance attained by persons to whom authority has been assigned.

Restricted funds

Funds restricted by donors for specific purposes. The term refers to plant replacement and expansion, specific purpose, and endowment funds.

Retained earnings (or income)

Accumulated net income, less distributions to stockholders and transfers to paid-in capital accounts.

Retirement

The removal of a fixed asset from service, following its sale or the end of its productive life, accompanied by the necessary adjustment of fixed asset and depreciation-reserve accounts.

Retirement of indebtedness funds

Funds required by external sources to be used to meet debt service charges and the retirement of indebtedness on plant assets. The term "sinking funds" is sometimes used to describe these funds.

Revenue

1. Sales of products, merchandise, and services, and earnings from interest, dividends, rent, and wages; transactions resulting in increases in assets.
2. The gross receipts and receivables of a governmental unit derived from taxes, customs, and other sources, but excluding appropriations and allotments.

APPENDIX B

Revenue center

An account for accumulating revenue consistent with the functional definition of the matching cost center.

Revenue-producing cost centers

Health facility departments providing direct services to patients and thereby generating revenue.

Revolving fund

A fund from which moneys are continuously expended, replenished, and again expended. Examples: imprest cash; working fund; assets available for loans the repayments of which are available for other loans.

Rheumatic clinic

Services relating to outpatient diagnosis and treatment of inflammatory conditions of the bursae, joints, ligaments or muscles.

Roundoff

To simplify the presentation of a quantity by omitting its terminal digits, with the express purpose of displaying only significant figures.

Routine

Regular; customary; ordinary, repetitive; everyday.

Rural Health Clinic

An outpatient clinic that provides primary care that is located in a rural area.

Salvage value

The price at which an asset of any kind can be sold less whatever cost is yet to be incurred.

APPENDIX B

Schedule

A supporting, explanatory, or supplementary analysis accompanying a balance sheet, income statement, or other statement prepared from the books of account.

Self-Dialysis Training

Training for renal dialysis patients to actively participate in their dialysis care at the facility.

Self-responsible (self-pay) patient

A patient who pays either all or part of his hospital bill from his own funds as opposed to third party funds.

Self-insurance

The assumption by a hospital of a risk arising out of the ownership of property or from other cause.

Serology

See Immunology.

Service cost

1. The cost of any service.
2. The amortizable cost of a limited-life asset; i.e., the asset cost, less estimated recovery, if any, from resale or scrap. Service cost is the amount to be depreciated over the useful life of a fixed asset.

Share of pooled investments

The proportion of pooled investments, including accumulated gains or losses, owned by a particular fund, usually expressed by a number (units) indicating the fractional ownership of total shares in the pool or by a percentage expressing the portion of the total pool owned by the particular fund.

Sheltered Workshop

A facility for physically and mentally handicapped persons which provides training and support for activities of daily living and simple vocational tasks.

APPENDIX B

Sinking fund

Retirement of indebtedness funds.

Skilled nursing facility

A licensed health facility or a distinct part of a hospital which provides skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis. It provides 24-hour inpatient care and, as a minimum, includes medical, nursing, dietary, pharmaceutical services and an activity program.

Social Worker Program

A social worker program is for individuals in the latter stages of their training to be social workers. Social workers are required to successfully complete a 4 year program in social work or an additional two year Master's program with specified practical work experience. Program approval and licensing is done by the Board of Behavioral Sciences Examiners. Standards and requirements for clinical experience and internship effective January 1, 1990, will be: 2200 hours of clinical experience with 1 hour/week direct supervision by a licensed clinical social worker (LCSW) and 1000 hours clinical experience with 1 hour/week under the direct supervision of a psychologist or board certified psychiatrist. Clinical experiences may be in a hospital, health agency, state program such as Mental Health or county health programs.

Social Work Services

Services providing assistance and counseling to patients and their families by social workers in dealing with social, emotional, and environmental problems associated with illness or disabilities, often in the context of discharge Planning Coordinator.

Special purpose fund

Specific purpose funds.

Specific purpose funds

Funds restricted for a specific purpose of project. Board-designated funds do not constitute specific purpose funds.

APPENDIX B

Speech-Language Pathology

The evaluation and rehabilitation of speech, language and voice disorders unamenable by medical or surgical treatment.

Sportscare Medicine

Services relating to the prevention, diagnosis and treatment of injuries sustained in athletic endeavors.

Surgery clinic

Services relating to outpatient surgical procedures.

Staffed Beds

The daily average complement of beds (excluding bassinets) fully staffed during the reporting period. Staffed beds are those beds set up, staffed, equipped and in all respects ready for use by patients remaining in the hospital overnight. Hospitals typically staff for those beds currently occupied by inpatients, plus an increment for unanticipated admissions.

Standard unit of measure

The standard unit of measure is used to provide a uniform statistic for measuring and comparing hospital costs and productivity output, not activity.

Standby pay (on-call)

Compensation paid to an employee for being available to work.

Stepdown method

The allocation of the accumulated costs of the nonrevenue producing centers to those other nonrevenue producing centers which utilize their services, as well as to the revenue producing centers to which they render service. Once the costs of a non- revenue producing center have been allocated that center is considered closed.

APPENDIX B

Straight-line method of depreciation

This method of allocating depreciation is a function of the passage of time and recognizes equal periodic charges over the useful life of the asset. The depreciation charge calculated by the straight-line method is not affected by asset productivity, efficiency, or degree of use. The periodic charge is computed by relating the cost of the asset, less any salvage, to the useful life of the asset.

Sub-acute care services

Services provided to patients who require a level of nursing care less than acute, including residential care.

Subsidiary ledger

A supporting ledger consisting of a group of accounts the total of which is in agreement with a control account.

Supervised Clinical Experience

A supervised clinical experience means the practical experience and/or application of the new competencies in a patient care setting with direct and/or general supervision as indicated. This may or may not be in a hospital setting. Other health facilities and health agencies may meet the requirements of providing a supervised clinical experience.

Tangible assets

A capital asset having physical existence.

Teaching program (approved)

A Medical internship or residency training approved by the Council on Medical Education of the American Medical Association or, in the case of osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association. Intern or residency programs in the field of dentistry must have the approval of the Council on Dental Education of the American Dental Association.

APPENDIX B

Teaching program (non-approved)

To be a non-approved Teaching Program means that, a medical internship or residency training program is not approved by the Council of Medical Education of the American Medical Association or, in the case of an osteopathic hospital, is not approved by the committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association. An intern or residency program in the field of dentistry is not approved unless approval has been received by the Council of Dental Education of the American Dental Association.

Temporary funds

See specific purpose funds.

Term endowment funds

Donated funds which by the terms of the agreement become available either for any legitimate purpose designated by the board or for a specific purpose designated by the donor upon the happening of an event or upon the passage of a stated period of time.

Therapeutic Radioisotope

The use of a radioactive isotope for the treatment of tumors.

Third-party payor

An agency such as Blue Cross or the Medicare Program which contracts with hospitals and patients to pay for to care of covered patients.

Thoracic Services

Medical or surgical treatment relating to the chest.

Total inpatient service days

The sum of all inpatient service days for each of the days in the period under consideration.

APPENDIX B

Total length of stay (for all inpatients)

The sum of the days stay of any group of inpatients discharged during a specified period of time.

Toxicology/Antidote Service

Telephone information service providing information concerning reactions and antidotes to toxic substances.

Trade discount

The discount allowed to a class of customers on a list price before consideration of credit terms; as a rule, invoice prices are recorded in the books of account net after the deduction of trade and quantity discounts.

Transaction

An event or condition the recognition of which gives rise to an entry in accounting records.

Transitional Inpatient Care

Transitional Inpatient Care is provided to patients on the basis of physicians orders and approved nursing plans in either licensed general acute care beds or licensed skilled nursing beds. This care consists of intensive licensed nursing care to patients who require medical care, rehabilitative care, or both, who have suffered an illness, injury , or exacerbation of a disease, and whose medical condition has clinically stabilized so that daily physician services and the immediate availability of technically complex diagnostic and invasive procedures are not medically necessary. Such care is more intensive than Skilled Nursing care but less intensive than the usual Medical, Surgical and Pediatric Acute care requirements. Transitional Inpatient Care is provided by specially trained licensed nursing personnel.

Trauma Treatment E.R.

An Emergency Room staffed and equipped at the highest level to treat any and all severe trauma cases.

Treasury Stock

Full-paid capital reacquired by the issuing company through gift, purchase, or otherwise and available for resale or cancellation. Treasury stock is not a part of capital stock outstanding; and the term does not apply to unissued capital stock or to shares forfeited for non-payment of subscriptions.

APPENDIX B

Triage

The process of screening patients to determine the severity of the medical emergency and type of care necessary.

Trial balance

A list or abstract of the balances or of total debits and total credits of the accounts in a ledger, the purpose being to determine the quality of posted debits and credits and to establish a basic summary for financial statements. The term is also applied to a list of account balances (and their total) abstracted from a customer's ledger or other subsidiary ledger for the purpose of testing their totals with the related control account.

Trust

A right, enforceable in courts of equity, to the beneficial enjoyment of property, the legal title to which is in another.

Trust fund

A fund held by one person (trustee) for the benefit of another pursuant to the provisions of a formal trust agreement.

Unit of service

A unit of measure, often commonly accepted, for determining average cost, time, or efficiency, thus making possible

(a) comparisons of one operation with another or with the same operation in a preceding period, and

(b) estimates of future operations.

Unrealized revenue

Revenue attributable to a completed business transaction but accompanied by the receipt of an asset other than cash or other form of current asset; as, an installment sale (gross revenue) or the prospective profit from such a sale (net revenue).

Unrestricted funds

Funds which bear no external restrictions as to use or purpose, i.e., funds which can be used for any legitimate purpose designated by the governing board as distinguished from funds restricted externally for specific operating purposes, for plant replacement and expansion, and for endowment.

APPENDIX B

Urologic Services

Medical or surgical treatment relating to the urinary tract in both male and female, and with the genital organs in the male.

Useful life

Normal operating life in terms of utility to the owner: said of a fixed asset or a fixed-asset group; the period may be more or less than physical life or any commonly recognized economic life; service life.

Valuation account (or reserve)

An account which relates to and partly or wholly offsets one or more other accounts; as, accumulated depreciation or allowance for bad debts; unamortized debt discount.

Vested interest

An interest (as a title to an estate) carrying a legal right to present or future enjoyment and of present alienation.

Vocational Services

Counseling for patients and their families concerning vocational alternative appropriate to the individual patient.

Weighted average

A simple average of items reduced to a common basis. For example, purchases of certain raw material are made during a given month as follows;

150	$1.50	$225.00
175	1.40	245.00
50	1.32	66.00
65	1.30	84.50
440	$5.52	$620.50

The simple average of prices paid is $5.52 : 4, or $1.38, but the weighted average would be the total cost divided by the number of units purchased; $620.50 ; 440, or $1.41.

APPENDIX B

Wing

A distinct part of a building consisting of an architecturally subordinate extension of a building with a corridor connecting the main building and the extension. A wing could also be represented by the addition of one or more floors to an existing building.

X-Ray Therapy

The use of x-rays for the treatment of various pathological conditions.

Zero Level Accounts

Accounts which have an account number with a fourth digit of zero.