

APPENDIX A - GLOSSARYAbandonment

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

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.

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

Accounting 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 any calendar quarter, e.g., January, April, July or October.

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.

APPENDIX A - GLOSSARYAccrual

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 of resulting from the lack of coincidence of the accounting period and the contractual or benefit period. 3. An amount accrued.

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.

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 accounting period.

Accrued Depreciation

The total depreciation incurred 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 Expenses

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.

Accumulated Depreciation

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

APPENDIX A - GLOSSARYActive 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.

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 some thing 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.

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 receipt at some later date. A payment of a contract before its completion. 3. The payment of wages, salaries, or commissions before they have been earned. 4. Deferred income or expense.

APPENDIX A - GLOSSARYAffiliate

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

Age

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

AICPA

American Institute of Certified Public Accountants.

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.

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 home 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 write-down 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, write-down, or write-off 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. Ancillary services generally are those special services for which charges are customarily made in addition to routine charges and include such services as laboratory, radiology, surgical services, etc.

APPENDIX A - GLOSSARYAsset

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 fair market value at date of donation.

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.

Available Beds

Health facility beds which are maintained and staffed for the provision of patient care.

Average Daily Inpatient Census

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

Average Length of Stay

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

Average Occupied Beds

Average licensed beds times percent of occupancy.

Average Life

The arithmetic mean of the estimated useful-life expectancies of a group of assets subject to depreciation.

Bad Debt

An uncollectible receivable.

APPENDIX A - GLOSSARY**Balance**

1. The difference between the total debits and the total credits of an account or the total of an account containing only debits 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.

Base Year

The Fiscal Year for which actual data is used.

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.

Board-Designated Assets

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

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.

Bond

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.

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 amortizable contra liability.

APPENDIX A - GLOSSARY**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 postings to ledgers; a journal. Books of original entry include general and special journals, such as cashbooks and registers of sales and purchases.

Book Value

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.

Budget Year

Refers to the year in which costs are projected.

Capital Asset

An asset intended for continued use or possession, common sub-classifications being (a) land, buildings and equipment, leaseholds, (fixed assets); (b) goodwill, patents, trademarks, franchises (intangibles); (c) investments in affiliated companies.

Capital Expenditures

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.

APPENDIX A - GLOSSARYCapital 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 a 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. To discount or calculate the present worth of the projected future earnings of an asset or business.

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 specific 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.

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.

APPENDIX A - GLOSSARYClearing Account

A primary account containing costs that are to be transferred to other account 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.

Consistency

Continued uniformity, during a period or from one period to another, in method of accounting, mainly in valuation bases and methods of accrual, as reflected in the financial statements of an accounting entity.

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 due from third-party payors under contract agreements.

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 or 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.

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.

APPENDIX A - GLOSSARYCost Center

A cost center is an accounting device for accumulating items of cost that have common characteristics. A cost center may or may not be a department within the institution. A cost center such as Depreciation and Amortization, is an example where the cost center would not be a department of the institution. A cost center may be a function within the health facility as opposed to a department.

Current Assets

Unrestricted cash or other assets held for conversion within one year into cash or other readily convertible asset, or currently useful goods or services. 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 one year. The currently maturing portion of long-term debt is thus classified unless it is to be paid from a sinking fund or other non-current asset source.

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.

Dedicated

Set aside for a particular future use, but not currently mandated.

APPENDIX A - GLOSSARYDeductible

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.

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 there-from are received. Such items are balance-sheet liabilities or assets and are carried forward to the income account of succeeding periods as the revenue is earned or as the benefits are received from the expenditure.

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.

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

Lose 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.

APPENDIX A - GLOSSARYDirect Expense

The cost of any good or service that contributes to, and is readily ascribable to, product or service output. Direct expense includes salaries and wages, employ benefits, professional fees, supplies, purchased services, other direct expenses and transfers.

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.

Distribution

1. Any payment to stockholders or owners of cash, property, or shares, including any of the various forms of dividends 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 A - GLOSSARYDonated Services

The services performed by personnel who receive no compensation or partial compensation for their services. The equivalent of an employer-employee relationship must exist between the institution and the individual donating the services. 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.

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.

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.

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 judgment in the care of the patient.

Endowment Funds

Funds in which a donor has stipulated, as a condition of his gift, that the principal of the fund is to be maintained inviolate and in perpetuity and that only income from investments of the fund be expended (See also Term Endowment Funds).

APPENDIX A - GLOSSARYEquity

1. Any right or claim to assets. 2. An interest in property or in a business, subject to claims of creditors. 3. The difference between assets and liabilities. 4. Net Worth.

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 group in terms of utility to the institution.

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. Any 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

See Cost Center.

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.

APPENDIX A - GLOSSARYExtraordinary Expense

A material expense (see Materiality) 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

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

FASB

Financial Accounting Standards Board.

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 subspecialty or in a clinical research program.

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 Standards Board

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.

Financial Statements

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

APPENDIX A - GLOSSARYFinancially Indigent Patient

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

Fixed Assets

1. Assets of a relatively permanent nature held for continuous use in hospital operations and not intended to be converted into cash through sale. 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), land improvements, buildings, fixed equipment, tools, leasehold improvements, major movable and minor movable equipment; 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.

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 (FTEs)

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 worked by employees and divide by 2080.

Function

A collection of activities having related purposes.

APPENDIX A - GLOSSARYFunctional Accounting

Accounting for the revenues and expense according to type of activity performed.

Fund

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

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). An 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 Liability

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

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.

APPENDIX A - GLOSSARYFunds 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

See Operating Fund.

General Journal

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

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.

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.

APPENDIX A - GLOSSARYGoverning 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.

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.).

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.

Historical Cost

The amount of cash or cash equivalent given in exchange for properties or services at the time of acquisition. (See Basis of Valuation—Sec. 100, Sub-Sec. 28.

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.

Hospital

An establishment that provides — through an organized medical or professional staff, permanent facilities that include inpatient beds, medical services, and continuous nursing services — diagnosis and treatment for patients.

APPENDIX A - GLOSSARYHospital-Based Physicians

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.

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.

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

An accounting statement which reflects the financial results of a hospital during an accounting period. The data for this statement are accumulated in the revenue and expense accounts.

APPENDIX A - GLOSSARYIndirect Liability

1. An obligation not yet incurred but for which responsibility may have 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.

Inpatient

A patient who is provided with room, board, and continuous general nursing service in an area of the hospital where patients stay 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.

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 who 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.

Intern

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

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.

APPENDIX A - GLOSSARY

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 principles 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, costs 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 specific 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 other performance of measurements such as standard costs, quality controls and timing goals.
- 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 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.

APPENDIX A - GLOSSARY**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 correspondence 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. Stock ledger control is made more effective by physical control in the nature of 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, merchandise held for resale, and supplies based on any generally accepted method consistently applied.

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.

APPENDIX A - GLOSSARYLease

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.

Leasehold

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

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 or 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 ??? is that the organization reflected in the balance sheet has a status independent to 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.

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.

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.

Materiality

The relative importance, when measured against a standard of comparison, of all items (cumulative by cost center or account) included in or omitted from books of account or financial statements, or any procedure or change in procedure that con-

APPENDIX A - GLOSSARYMedicaid (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 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.

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 the 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 a record is usually confidential. Each different provider in a community caring for a given patient usually keeps an independent record of that care.

Medical Services

The services pertaining to medical care that are performed 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 participates as members of the medical staff committees, 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 year, 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.

APPENDIX A - GLOSSARYMedicare

A third-party reimbursement program administered by the Health Care Financing 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 replacement in a less protected living environment.

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).

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.

APPENDIX A - GLOSSARYNet Worth

The aggregate presentation 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.

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 include losses on sale of hospital property and retail operations expense.

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.

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.

APPENDIX A - GLOSSARYObsolescence

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.

On-Call Pay (Standby)

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

Operating Expenses

Operating expenses include all necessary and proper costs which are appropriate in developing and maintaining the operation of the patient care facilities and activities. Necessary and proper costs related to patient care are those costs which are common and accepted occurrences in the hospital operation.

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 lesser.
- 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 term. (See FASB Statement No. 13 for further details).

APPENDIX A - GLOSSARYOperating 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 activities to persons other than patients.

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.

Original Cost

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

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 donated commodities.

Outpatient

A hospital patient who receives services in one or more of the facilities of the hospital when he is not currently an inpatient or a home care patient.

Outstanding

1. Uncollected or unpaid: said of an account or note receivable or payable 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.

APPENDIX A - GLOSSARYOverhead

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 dividend between Capital Stock and Additional Paid-In Capital accounts.

Paid Staff

See Medical Staff Classification.

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.

Part A and Part B Services

Medicare benefits are payable from two trust 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.

APPENDIX A - GLOSSARYPatient 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 Day

A unit of measure denoting lodging facilities provided and services rendered to one inpatient between the census taking hour on two successive days. The day of admission but not the day of discharge or death is counted as a patient day. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day.

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 Medicare, Medicaid Blue Cross, or other private insurance plans.

Payroll

1. A record showing the wage or salary earned by employees for a certain period and the various deductions for withholding tax, health benefits, and so on. 2. Total wages and salaries accrued or payable for a given period.

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 cost centers. 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 earning records.

Pediatric Patient

Children less than 14 years and including boarder patients, physically housed in a pediatric unit.

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.

APPENDIX A - GLOSSARYPerpetual 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.

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.

Physician

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

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.

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.

APPENDIX A - GLOSSARYPlant Replacement and Expansion Funds

Resources restricted by donor and other third-parties for the acquisition or construction of plant assets or the reduction of related debt.

Pooled Investments

Assets of two or more funds consolidated for investment purposes.

Premature Infant

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

Prepaid Expenses

An expenditure, often recurrent, for future benefits; a type of deferred charge. Examples: prepaid operating expenses, prepaid rent, taxes, royalties, commissions; unexpired insurance premiums; stationary 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.

Prepay

To pay for a service before its receipt or enjoyment; such pre-payment, 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.

Prior-Period Adjustment

A correction of an error in earlier financial statements or an adjustment that results from realization of income tax benefits of 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.

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.

APPENDIX A - GLOSSARYProfessional 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.

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 institution providers and whose primary activity is the provision of health care to individuals.

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.

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 patient's name on the institution's records for service in a routine outpatient care service area.

APPENDIX A - GLOSSARYRelative 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 costs 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.

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 or property or a group of assets.

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

APPENDIX A - GLOSSARYResponsibility

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

An accounting system which accumulates and communicates historical and projected monetary and statistical data relating to revenues and controllable expenses, classified according to organizational units producing the revenues and responsible for incurring the expenses.

Restricted Funds

Funds restricted by donors or grantors for specific purposes. Restricted funds generally fall into three categories: Plant Replacement and Expansion Fund, Specific Purpose Fund, and Endowment Fund. The accounts within each restricted fund are self-balancing, as each fund constitutes a separate accounting entity.

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

Sales of products, merchandise, and services and earnings from interest, dividends, and wages.

Revenue Center

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

APPENDIX A - GLOSSARYRevenue-Producing Cost Centers

Health facility activities providing direct services to patients (such as nursing, physical therapy, and laboratory) and thereby generating revenue.

Routine

Regular; customary; ordinary, repetitive; everyday.

Salvage Value

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

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 proper or from other cause.

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.

Sinking Fund

See Retirement of Indebtedness Funds.

Specific Purpose Funds

Funds restricted by the donor for a specific purpose or project. Board-designated assets do not constitute specific purpose funds.

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.

APPENDIX A - GLOSSARYStep-down Method

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

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 Service

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.

Tangible Assets

A capital asset having physical existence.

Target Beds

Average occupied beds plus unoccupied bed allowance.

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 A - GLOSSARYTeaching 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.

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.

Third Party Payor

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

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 discounts. Trade discounts are not to be confused with cash or purchase discounts which are other operating revenues.

Transaction

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

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.

Triage

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

APPENDIX A - GLOSSARYTrial 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.

Uniform Accounting System

A system of accounts common to similar organizations.

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. Synonymous with standard unit of measure.

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 purposes; 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 A - GLOSSARYUseful Life

Normal operating life in terms of utility to the hospital.

Vested Interest

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

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 floor to an existing building.

Zero Level Accounts

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