

Community Health Center Guidelines on Record Keeping for Abortion Services in the Other Lines of Business in the General Ledger

I. Introduction and Statement of Purpose

These guidelines of Health Center are intended to be in compliance with the requirements of 45 CFR Part 75 and concern the development of costs centers for activities outside of the Health Center's Section 330 grant "Other Lines of Business" or "OLB" as described in the Budget PIN ([PIN 2013-01](#)).

These guidelines currently apply to the following OLB: **Abortion Services**

II. Standards of Conduct

Health center staff shall track and account for revenues generated by and the costs associated with the Health Center's OLB and shall follow appropriate documentation standards in accordance with the Health Center's accounting and financial policy and procedure manual.

III. General Guidelines

The following procedures will apply to all Health Center record keeping of OLB.

An analysis will be done (at least quarterly) of the revenue and costs associated with the services provided which are considered OLB.

The revenue produced and the costs incurred are segregated in the trial balance under a separate cost center code for each OLB.

- Staff shall maintain a clear and accurate analysis of the revenue earned (e.g. patient service revenue and other contract service revenue) and costs incurred to support the OLB.
- No revenues (program income) earned from the 330 grant scope of services will be utilized to support OLB services.
- Specific reports based on the procedure codes are produced to reflect the revenue earned from the OLB services (currently Abortion Services). These reports are used to segregate the OLB revenue in the general ledger.
- A detailed analysis of the costs incurred to support the OLB (personnel and other than personnel services) is prepared to allocate and then segregate the costs of these services to the specific cost center in the general ledger on at least a quarterly basis for the Abortion Services.

Abortion Services:

1. The first step would be to generate the modified "charges by flexible groups report" from the electronic health record. The report will provide the name of the service provider, total OLB visits, associated gross charges for the OLB visits, and total charges for all of the provider visits for the specific period of time.
2. We will then calculate the percentage of OLB charges to the total gross charges. From our payroll system, we will gather the salary information paid to the provider for

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the same period of time. We will apply the percentage calculated above to the salary to determine the salary allocated to the OLB services.

3. We will utilize the same percentage to apply to the cost of direct support staff (registered nurses, licensed practical nurses and medical assistants) who participate in the out of scope services.
 4. We will then apply the fringe benefit percentage for the period of time to the allocated salaries.
 5. We will then analyze the supply expense accounts in the trial balance to identify the applicable supplies used for the OLB services. In order to strengthen the identification of the supplies purchased for OLB services, we have communicated with our purchasing department to not combine scope and OLB supplies on the same purchase order. This practice will then produce separate invoices and will allow the supplies for OLB services to be only charged to the program #3 in the general ledger. In addition, we will apply a medical cost per visit (which excludes vaccines) to the visits incurred for the period for the everyday medical supplies.
 6. Once we have accounted for all of the direct expenses we will then apply our current approved federal indirect overhead rate in accordance with its terms to charge a fair share of indirect costs to OLB services.
 7. We will then prepare a journal entry and reallocate the revenues and costs from the original posting in the general ledger to the designated program. This entry will be prepared by the senior accountant, reviewed and signed off on by both the controller and chief financial officer before it is posted into the general ledger.
- Teaching Health Center Grant (THC) and Residents: In order to insure that the Health Center is not drawing down Federal funds on any provider whose salary is charged to the Teaching Health Center grant that is performing any OBL services, we will discount the draw based on the prior month's percentage of OBL charges to Total charges. The original percentage will be based on prior year information of OLB services gross charges to total gross charges for those service providers charged to the THC grant. We will update this discount percentage on a quarterly basis based on the prior quarter information. This percentage will be applied to the salaries incurred on the THC salaries. This discount will ensure that we are not charging OLB services to the THC grant.
 - A summary report is maintained for each of the OLB services to ensure that the programs are generating income in excess of the costs incurred to support those services since the OLB programs need to be generating positive net income to sustain the services.

IV. Other Matters:

- The staff involved with the accounting (finance and purchasing department staff) for the other lines of business will be trained immediately on these new procedures. In addition, we will conduct annual trainings to ensure that the staff involved are fully knowledgeable of the required procedures.
- On an annual basis, the other lines of business policy will be reviewed and updated if necessary.

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Task	Date	Sign Off	Date	Sign Off	Date	Sign off	Date	Sign Off
Policy review								
Training Performed								