

MEDICAID RECIPIENTS' TRUST FUND

Guidelines
for setting up
accounting
records



TEXAS

Department of Aging
and Disability Services

Introduction

Many Medicaid recipients who live in nursing facilities are unable to manage their personal finances; often, their families and guardians want the facilities to assume this responsibility.

To provide this service, your facility needs an exact system of accounting for recipients' incomes and expenses to safeguard their money. If your facility doesn't use an account system like the one suggested in this pamphlet, you're encouraged to implement one as soon as possible.

This pamphlet outlines simple bookkeeping methods. No attempt has been made to fully cover the provisions of Section 19 of the *Nursing Facility Requirements for Licensure and Medicaid Certification*.

For more information about setting up a Medicaid residents' trust fund, call Long Term Care Services at your local or regional Texas Department of Aging and Disability Services office.

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Residents' trust fund components

A good accounting system for Medicaid recipients' money consists of:

- a collective bank account for all participating residents,
- individual residents' participation files,
- a petty cash fund, and receipt files.

Residents' collective bank account

A single account may be used exclusively for Medicaid recipients' money, or those funds may be combined with private-pay residents' money, provided all private-pay residents sign state and federal agency examination waivers. *(Separate accounts aren't necessary because an individual participation file keeps track of each resident's money.)*

- A collective bank account established by a facility must be designated "Trustee, (name of facility), Residents' Trust Fund Account.
- Keep the collective account separate from all other facility accounts, especially the operating account.

- Deposit nothing in the account except money belonging to Medicaid recipients or private-pay residents.
- Use money only for residents' personal expenditures.
- Keep records of all deposits, withdrawals, and bank statements.
- Indicate a resident's name and source of funds on every check and deposit stub.

Individual residents' participation files

A participation file is a permanent record that shows all deposits and withdrawals of a particular resident's money.

- Use a card file or record book to set up the file.
- Make the file expandable to allow new entries.
- Include all information shown in the example on the next page.

Setting up the files

- Prepare a file card for each participating client (*see example, page 5*).
- Enter the current **Date** (*column 1*).
- Under **Amount received**, (*column 2*) and **Amount left** (*column 6*) enter the sum of money entrusted to the facility for the client.

Name _____ Date admitted _____

Case Number _____ Date discharged _____

Date	Amount Received	Source of money	Amount spent	Spent for	Amount left	Resident authorization
1	2	3	4	5	6	7

- Write “Money on hand” under **Source of money** (*column 3*) for the original starting entry.
- Deposit the money in the residents’ collective bank account.
- Place all receipts in the individual’s receipt file (*see page 8, Receipt Files*).

Maintaining the files

For money received:

- Record the **Date** (*column 1*) that money was received.
- Enter the amount under **Amount received** (*column 2*).
- Under **Source of money** (*column 3*), write the name of the person or agency that sent the money.
- Add the **Amount received** (*column 2*) to the last entry in **Amount left** (*column 6*).

- Deposit cash or checks in the residents' collective bank account.
- Write the resident's name beside the amount deposited for each resident on the deposit slip.

For money spent:

- Record the **Date** (*column 1*) that money is withdrawn.
- Write the amount withdrawn under **Amount spent** (*column 4*). Note whether cash or a check was used.
- Under **Spent for** (*column 5*), explain how the money was used.
- Write a check or give the cash to the resident.
- Have the resident either sign under **Resident authorization** (*column 7*) or sign a receipt upon receiving money.
- If the resident signs a receipt, put it in the individual's receipt file.
- Keep store receipts for all purchases made for residents (*see page 8*).

Petty cash fund

The petty cash fund is for residents who need small amounts of money (generally \$5 or less). If the fund is used for Medicaid recipients and private-pay clients, have all the private-pay clients sign waivers giving certain state and federal agencies permission to examine their financial records.

To set it up:

- Write a check for cash on the residents' collective bank account. (*The amount you put in petty cash depends on how many residents use the service and how often you go to the bank.*)
- Cash the check, and deposit the money in a petty cash box or drawer.

To use it:

- Keep the money in a locked box or drawer.
- Give residents cash when they need spending money.
- Enter the amount you give a resident on his or her participation card (*see pages 5-6 for instructions*).
- Have the resident sign a receipt or sign under **Resident authorization** (*column 7*) on his or her individual participation file card.

To replenish it:

- Count the money left in the petty cash box.
- Subtract the amount left from the amount you'd like to keep in the box.
- Write a check for cash on the residents' collective bank account for the amount you need to add.

Example:

Desired level of cash	\$25
Count and subtract amount left in the box	<u>- 3</u>
Write a check for this amount	\$22

Receipt Files

- Make a receipt file for each resident, using large envelopes or folders.
- Include receipts for all purchases and payments made by and for that resident.
(Keep individual receipts for items purchased in bulk – such as clothes – as you issue them to residents. Names of residents and the amounts issued to each of them should be written on the bulk receipts.)
- Before filing, document on each receipt:
 - the resident's name,
 - the date the receipt was written,
 - the amount of money spent or received,
 - what the money was spent for, and
 - the resident's signature, unless the expenditure was authorized on his or her individual participation file card.

Paying a resident's bills

Paying room and board

- Deposit cash and checks belonging to residents in their collective bank account.
(The facility shouldn't deposit any resident's check directly into the facility account unless it's for the exact amount for room and board, even if payment of the resident's bill is due.)

- Record the deposit in the individual resident's participation file.
- Write a check to the facility on the residents' collective bank account to pay for room and board.
- Record the payment in the individual resident's participation file.
- Write a facility receipt for payment, and place it in the individual's receipt file.

Paying other bills on a resident's behalf

- Have the resident, responsible party, or appropriate witness (*if required by the Nursing Facility Requirements for Licensure and Medicaid Certification*) authorize disbursement on the individual resident's participation file card or on the business establishment receipt.
- Place the business establishment receipt in the resident's receipt file.
- Write a check from the residents' collective bank account. (*Put payment information on the check if the trust fund is maintained in a bank account.*)
- Record the payment in the individual client's participation file.
- If the payment is made in cash, complete a facility receipt to document the disbursement.

Closing a resident's trust fund account

- Enter the closing date in the individual resident's participation file.
- Determine how much money the resident has by checking the latest entry under **Amount left** (*column 6*).
- Record the amount left under **Amount spent** (*column 4*).
- Under **Spent for** (*column 5*) write "To close account."
- Write a check to the resident on the residents' collective bank account.
- Have the resident or an authorized representative sign a receipt for the check.
- If possible, also have the resident or other responsible party sign under **Resident authorization** (*column 7*) on the individual residents participation file card.
- If the resident left the facility prior to closing his or her account or is deceased, write the address the check was sent to under **Spent for** (*column 5*).
- File the receipt in the resident's receipt file.



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