

Assignment Exercise 4-2: Revenue Sources and Grouping Revenue

The Metropolis Health System has revenue sources from operations, donations, and interest income. The revenue from operations is primarily received for services. MHS groups its revenue first by cost center. Within each cost center the services revenue is then grouped by payer.

Required

1. Set up a worksheet with individual columns across the top for six revenue sources (payers): Medicare, Medicaid, Other Public Programs, Patients, Commercial Insurance, and Managed Care Contracts.
2. Certain situations concerning the Intensive Care Unit and the Laboratory are described below.

Set up six vertical line items on your worksheet, numbered (1) through (6). Six situations are described below. For each of the six situations, indicate its number (1 through 6) and enter the appropriate cost center (either Intensive Care Unit or Laboratory). Then place an X in the column(s) that represents the correct revenue source(s) for the item. The six situations are as follows:

- (1) ICU stay billed to employee's insurance program.
- (2) Lab test paid for by an individual.
- (3) Pathology work performed for the state.
- (4) ICU stay billed to member's health plan.
- (5) ICU stay billed for Medicare beneficiary.
- (6) Series of allergy tests run for eligible Medicaid beneficiary.

Headings for your worksheet:

			Other Public		Commercial	Managed
	Medicare	Medicaid	Programs	Patients	Insurance	Care Contracts

- (1)
- (2)
- (3)
- (4)
- (5)
- (6)

CHAPTER 5**Example 5A: Grouping Expenses by Cost Center**

Cost centers are one method of grouping expenses. For example, a nursing home may consider the Admitting department as a cost center. In that case the expenses grouped under the Admitting department cost center may include: