MED 137 Word List

Chapter 20 and 21

CHAPTER 20

Accounts Receivable Ratio: Outstanding accounts receivable divided by the average monthly gross income for the past 12 months.

Collection Ratio: Gross income divided by the amount that could have been collected less disallowances.

Fair Debt Collection Practice Act: 1977 federal law that outlines collection practices.

Probate Court: Court that administers estates and validates wills.

Statute of Limitations: Statute that defines the period in which legal action can take place.

Truth-in-Lending Act: Also known as the Consumer Credit Protection Act of 1968; an act requiring providers of installment credit to state the charges in writing and to express the interest as an annual rate.

CHAPTER 21

Accounting: System of monitoring the financial status of a facility and the financial results of its activities, providing information for decision making.

Accounts Payable: Sum owed by a business for services or goods received; also unwritten promise to pay a supplier for property or merchandise purchased on credit or for a service rendered.

Accounts Receivable Ratio (A/R): See chapter 20

Accrual Basis: Reports; income at the time charges are generated.

Assets: Properties of value that are owed by a business entity.

Balance sheet: Itemized statement of assets, liabilities, and equity; a statement of financial condition.

Cash Basis: Reports income at the time money is collected.

Check Register: Record of checks written; categorized into separate and identified columns.

Collection Ratio: See chapter 20

Cost Accounting: Helps to determine what it costs the ambulatory care setting to perform particular services and is an integral part of managerial accounting.

Cost Analysis: Procedure that determines the costs of each service.

Cost Ratio: Formula that shows the cost of a procedure or service and helps determine the financial value of maintaining certain services.

Financial Accounting: Provides information primarily for entities external to the organization such as the government.

Fixed Cost: Cost that does not vary in total as the number of patients vary.

Income Statement: Financial statement showing net profit or loss.

Liability: Debts and financial obligations for which one is responsible.

Managerial Accounting: Generates financial information that can enable more efficient internal management.

Owner’s Equity: Amount by which business assets exceed business liabilities; also called net worth, proprietorship, and capital.

Trial Balance: Should be done on the accounts receivable in either a pegboard system or a computer system. The trial balance will indicate any problem between the daily journal and the ledger.

Utilization Review (UR): Review of medical services before they can be performed.

Variable Cost: Cost that varies in direct proportion to volume.