TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 50.04, **MPIP Trust Fund Management**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish the rules and requirements for managing and reconciling the trust funds for the Medical Practice Income Plan (MPIP).

REVIEW: This HSC OP will be reviewed on April 1 of every even numbered year (ENY) by the Executive Associate Dean and the Assistant Dean for Finance and Planning from School of Medicine as well as the Managing Director of Accounting Services, with recommendations for revisions forwarded to the Executive Vice President for Finance.

POLICY/PROCEDURE:

1. **Definitions.**

   Trust Funds were established in Banner for recording the financial activity that is reflected in the MPIP patient accounting system at each campus. The Banner Trust Funds are: Amarillo 132004, Lubbock 131003, and Odessa 134002.

2. **Managing Trust Fund Activity.** The Trust Funds were established to allow for central management of the MPIP patient accounting system and collections functions at each campus. The Trust Funds facilitate patient revenue postings that often involve more than one MPIP department.

   Deposits recorded in the Trust Funds should **only** include patient income that is maintained in the patient accounting system. Other MPIP revenue that is not patient based, including most contract revenue, should not be recorded in a Trust Fund and instead should be posted directly to the applicable MPIP FOAP(s) of the department(s) that earned the revenue. If an incentive payment is received from a payer in conjunction with routine patient income, these payments shall be identified and moved out of the Trust Fund to the appropriate FOPs.

   The MPIP Revenue & Expense Distribution application was developed to distribute the revenue recorded in the respective Trust Fund to the appropriate departmental FOAPs as well as administer the expense distribution process. Each campus MPIP Business Office is responsible for populating the on-line tables necessary to distribute revenue and expenses within the application prior to the deadline indicated on the site. Distributions from the Trust Funds are processed based on data provided by the campus MPIP Business Office. Expense distributions from the departments to the appropriate fund or account occur at the time of the revenue distribution.

3. **Reconciling the Trust Funds (Banner) to Patient Accounting System.** The activity and ending balance in the Banner finance system for each Trust Fund must be reconciled monthly by the applicable MPIP Business Office to the activity and balance in the patient accounting system. The reconciliation should include an aged listing of outstanding items that agrees to the end of period balance in the Trust Fund and holding liability accounts per the Banner finance system. The Director of MPIP Business Office at each campus must review the reconciliations. Reconciling items should be cleared in a timely manner. Items over 60 days should include an explanation. A completed and reviewed monthly reconciliation must be submitted to the Assistant Dean for Finance and Administration for the School of Medicine on each respective campus no later than 60 days after the end of each month.

A completed August 31 annual reconciliation and documentation must be submitted to Accounting Services by October 31 each year, to document the reconciliation of the balances at the end of the fiscal year. The MPIP Business Office should retain documentation to explain all reconciling differences between the Trust Funds and the patient accounting system(s), with such documentation to be made available upon request from Accounting Services, Internal Audit, or other administrative offices. Any permanent differences must be promptly corrected. Any year-end correcting entries must be sent to Accounting Services by September 10.

Failure by a Business Office to timely reconcile the applicable campus Trust Fund significantly increases the risk of fraud and malfeasance.

4. **Responsibility for Internal Controls, Reconciliation and Review.** The Executive Associate Dean, School of Medicine is responsible for establishing internal controls and processes to ensure that transactions recorded in the patient accounting system are properly deposited, recorded, and reconciled to the Banner finance system through the appropriate Trust Funds. (Basic Principles of Internal Control are located in Attachment A, HSC OP 50.03).

Accounting Services does not have access to the patient accounting system(s) data and cannot verify or audit the Trust Fund reconciliations. However, Accounting Services will help the MPIP Business Office in establishing its reconciliation policies and processes when requested.