

Chapter 5 - Instruction for Managing Resident Funds

5- 1 Protection of Resident Funds

The resident has the right to manage his or her financial affairs, and the facility may not require residents to deposit their personal funds with the facility. But many residents are unable or unwilling to manage their own financial affairs and do not have a responsible party that will manage their funds. In this case the facility must hold, safeguard, manage and account for the personal funds deposited with the facility. The facility will manage the personal allowance funds for residents when a responsible third party does not exist to handle these funds and the following circumstances exist. Each of these situations must be documented in writing.

- A. When a resident is adjudicated by state law as incompetent.
- B. When the resident's file contains a physician's statement that the resident is not capable of managing their own funds.
- C. Residents who have no one to manage their financial interest and request the home to do so.
- D. Residents whose family requests the facility to manage their funds.

When the facility assumes the responsibility for managing a resident's personal funds, withdrawals by family members should not be allowed. If the family makes purchases on behalf of the resident, the family can be reimbursed from the resident trust fund by presenting a receipt to the trust fund custodian. This transaction should be properly recorded in the Participant Ledger file. Families who object to following these procedures should be advised that they will have to assume responsibility for managing the resident's money. This provision should be fully explained to the appropriate family members when the participation in the resident trust fund begins.

5-2 Responsibilities of the Facility

- A. The facility must establish and maintain a system that assures a full, complete and separate accounting of each resident's funds entrusted to the facility. An acceptable accounting system is described below.
- B. Resident funds cannot be commingled with facility funds or with the funds of any person other than another resident.

- C. The facility must deposit any Medicaid resident's personal funds in excess of \$50 in an interest bearing account that is separate from any of the facility's operating accounts, and that credits all interest earned on resident's funds to that account. (In pooled accounts, there must be a separate accounting for each resident's share.)
- D. Quarterly statements must be provided to each resident indicating account activity.
- E. The facility is required to notify each resident that receives Medicaid benefits:
 - 1. When the amount in the resident's account reaches \$200 less than the SSI resource limit for one person.
 - 2. That, if the amount in the account in addition to the value of the resident's other nonexempt resources, reaches the SSI resource limit for one person, the resident may lose eligibility for Medicaid or SSI.
- F. Facility will convey funds upon the death of a resident in the manner prescribed on **Page 5-5**.
- G. Personal funds cannot be charged for any item or service which payment is made under Medicaid or Medicare.
- H. Individuals handling personal funds must be bonded.
- I. The facility will be responsible for any fund shortages or failure to document account transactions by failing to collect or retain appropriate receipts or journals.
- J. Provide upon admission a **BENEFICIARY DESIGNATION FORM (Page 5-8)** that shall only be completed by the resident at the time of admission, identifying to whom the resident trust fund will be distributed in the event of death. The form must be completed in the presence of two witnesses who shall affix their signatures to the form as witnesses. If completed, the Beneficiary Designation Form shall remain permanently in the resident's file. No licensee, owner, administrator, employee, or representative of a long term facility shall be named as a beneficiary to such funds.

5-3 Accounting System Requirements

The facility must account for each resident's money in such a fashion as to safeguard the money and avoid theft and loss. The system outlined below is designed to maximize security and maintain records sufficient to properly account for personal funds. Although the facility's system does not have to be identical to the system outlined below, it must contain the major components and ensure the integrity and accountability of personal funds.

- A. Participant Ledger File - A ledger account must be maintained for each participant in the resident trust fund. This record must reflect all activity (deposits and withdrawals) involving the resident. **Page 5-6** identifies the required detail for each file. Separate balances must be maintained for amounts deposited into separate accounts. **Do not destroy completed or closed files**, as each one is a permanent record needed to document the activity in the residents account. Facility must ensure that account balances do not go negative. Negative balances will be made up by the facility.
- B. Collective Resident Bank Account (Checking) - The collective bank account is a single account for resident trust fund money. The records in the participant ledger file keep track of each resident, therefore separate resident checking accounts are not necessary. This account must be separate and distinct from all nursing home accounts. All checks written on this account must be for resident expenditures only. A register of all account activity must be maintained. The balance per register and balance per bank statement should be reconciled on the bank statement and retained. Entries on the register should reference the resident and the source. If this account is interest bearing, the facility must establish an equitable method for distributing interest earned on the account to the residents participating in the resident trust fund. Checks written on this account must then be posted to the appropriate participant ledger account.
- C. Interest Bearing Accounts (Savings) (applicable to Nursing Facility class only) - Federal regulation requires that resident funds in excess of current needs be deposited in an interest bearing account. When a participant's balance in the collective checking account reaches a balance of \$50.00, any additional funds must be placed in an interest bearing account. For simplicity, we recommend that a separate account be opened for each resident, but this is not required. If the facility decides to open a collective interest bearing account, the facility must maintain balances for each participant in their participant ledger file and must establish an equitable method for distributing interest earned on the account.
- D. Cash Maintained on Hand (Petty Cash) - To accommodate the residents needs for cash money, the facility must maintain a cash box or drawer containing petty cash. The petty cash fund should be an imprest system in that the fund always contains cash or petty cash journal entries (receipts) totaling the approved petty cash balance. The petty cash fund is established by writing a check on the residents' collective bank account, cashing it and placing the proceeds in the cash box or drawer. The size of the petty cash fund depends on the number of participants, their daily cash needs and the frequency that the fund can be replenished. As cash is distributed to participants from the petty cash fund, the transaction must be recorded on a petty cash journal, **Page 5-7**. The participant should sign the journal verifying that a distribution was made. Distribution to incompetent participants must be witnessed by a staff member other than the person managing the fund. As necessary, the fund should be replenished back to

the original balance of the fund. At the point that the fund is replenished, petty cash activity as recorded in the petty cash journal should be posted to the participant's ledger file. Please remember that this petty cash fund is for participating residents only and should not be used for any other purpose. Petty cash funds should be kept secure at all times.

- E. Reconciliation of All Funds - The facility must reconcile all account balances per the participant ledger file to all petty cash and bank account balances on a monthly basis. Any shortage identified must be made up by the facility.
- F. Receipt File - Receipts must be retained for any distribution made from any resident funds account. All receipts must be documented with the name of the resident, date of the receipt, amount and what the money was spent for. A folder must be maintained for each participant in the fund in which to put his receipts. The petty cash journal will serve as the receipt for cash money distributed to participants. The petty cash journal must be retained for this purpose.
- G. Procedures for creating a participant ledger file:
 - 1. The facility should retain written authorization from the resident, family or guardian that the facility is authorized to manage the resident's personal funds.
 - 2. Create a ledger account for each participant in the fund.
 - 3. Record the original transaction on the participant's ledger account indicating the date and amount. Indicate in the description column "Beginning Balance".
 - 4. Deposit the resident's money in the collective trust fund bank account.
 - 5. Prepare a receipt file and retain all receipts for this participant.
- H. Procedures for checking a participant out of the Trust Fund Account:
 - 1. Determine the participant's balance per the participant ledger file. (Ensure that all activity including petty cash transactions have been posted to the participant ledger file.)
 - 2. Record the closing distribution on the participant's ledger account, indicating the date and the amount. Indicate in the description column "to close account".
 - 3. Write a check on the collective trust fund bank account payable to the resident or other appropriate person in the case of a deceased participant.

4. If possible the resident or his representative should sign the authorization for expenditures column of the participant's ledger account. If the resident has already left, or in the case where the resident is deceased, write the address where you sent the check in the "Description" column.

5-4 Treatment of Deceased Resident Personal Trust Fund

In the event of the death of a resident, the facility administrator shall within 30 days of the resident's death provide an accounting and shall return all refunds and funds held in trust as detailed below. The administrator must determine if a personal representative has been appointed for the resident. If one has been appointed, then the personal trust funds shall be disbursed to that personal representative. If no such personal representative exists, then the facility administrator should disburse the funds to the named beneficiary designated by the resident on the form provided by the long term care facility or surviving spouse. If a personal representative, surviving spouse, or named beneficiary does not exist or cannot be located at the time of disbursement, the facility administrator shall deposit the funds into an interest bearing account in a bank, savings and loan association, trust company, or credit union located in this state and if possible, located within the same county in which the facility is located. The long term care facility needs to maintain only one account in which the trust funds amounting to less than one hundred dollars (\$100) of deceased residents are placed. However, it shall be the obligation of the long term care facility to maintain adequate records to permit compilation of interest due each individual resident's account. Separate accounts shall be maintained with respect to trust funds of deceased residents equal to or in excess of \$100. The facility shall maintain such account until such time as the trust funds are disbursed pursuant to the provisions of Arkansas' Probate Code.

At the time the funds are disbursed the nursing facility should notify DHS of the account on the DECEASED RESIDENT PERSONAL TRUST FUND FORM (**Page 5-9**). If the resident trust fund is disbursed to a personal representative, a surviving spouse or a named beneficiary a BENEFICIARY RECEIPT FORM (**Page 5-10**) should be completed and a copy submitted along with the DECEASED RESIDENT PERSONAL TRUST FUND FORM.

These forms should be completed and submitted to:

Arkansas Department of Human Services
Office of Chief Counsel
Estate Recovery
P. O. Box 1437, Slot 1033
Little Rock, AR 72203-8181
(501) 682-6511

Participant Ledger Account

Name _____

CHECKING ACCOUNT:

Date of Transaction Month/Day/Year	Check Number	Amount of Money Received	Amount of Money Spent	Amount of Money Remaining (Balance)	Description of Transaction

SAVINGS ACCOUNT:

Date of Transaction Month/Day/Year	Check Number	Amount of Money Received	Amount of Money Spent	Amount of Money Remaining (Balance)	Description of Transaction

BENEFICIARY DESIGNATION FORM

Be it known to all, that I, _____, a resident of
Print Resident's Name
_____, hereby declares and designates that
Print Name of Facility
_____ who lives at _____
Print Beneficiary's Name *Print Beneficiary's Address*

shall receive all monies held in my personal trust account held at said facility, if any, at the time of my death. If the above named beneficiary predeceases me in death, I declare and designate that _____ who lives at _____
Print Second Beneficiary's Name *Print Second Beneficiary's Address*

shall receive all monies held in my personal trust account.

By my signature below, I further declare that I am competent to execute this document and have done so voluntarily, free of undue influence, coercion, or duress of any kind. I further state that I have the right at any time to modify this form and designate other individuals to receive the monies held in my personal trust account.

<i>Resident's Signature</i>	Date: _____
<i>Resident's Social Security Number</i>	
<i>Witness (print and sign name)</i>	Date: _____
<i>Witness (print and sign name)</i>	Date: _____

DECEASED RESIDENT PERSONAL TRUST FUND FORM

Name of Deceased Resident: _____

Social Security Number: _____ Medicaid ID Number: _____

Date of Birth: _____ Date of Death: _____ County: _____

Complete Name & Address of Facility: _____

Facility Administrator: _____

Deceased's Home Address and County: _____

Circle one

More than Forty-five (45) days have elapsed since the resident's death. YES NO

The value of all property owned by the decedent does not exceed Fifty Thousand Dollars (\$50,000)?..... YES NO

Did the decedent leave a will?..... YES NO

Was the decedent survived by a spouse?..... YES NO

Was the decedent survived by a minor child?..... YES NO

Was the decedent survived by a disabled child?..... YES NO

Names of other adult next of kin, if known _____

At the time of the resident's death, funds left were: \$ _____

Personal Trust Fund Account Information:

Funds were disbursed to (circle one): Spouse Named Beneficiary Banking Institution

Name of Funds Recipient:* _____ Date received: _____

Address of Funds Recipient: _____

Facility Administrator

Date

***Facility Administrators shall submit copies of signed receipts, checks, and bank deposit slips along with this form.**

BENEFICIARY RECEIPT FORM

Be it known to all that I, _____, _____
Beneficiary's Names Relationship

of _____, a resident of _____
Resident Name of Facility

_____, am in receipt of _____
Trust fund amount

left in the Personal Trust Fund Account of _____.
Resident

Name: _____

Date: _____

Address: _____

Witness: _____

Date: _____

Witness: _____

Date: _____