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Overview

An unapplied credit is a patient payment that is entered into the system without being applied to a specific charge with a patient balance.
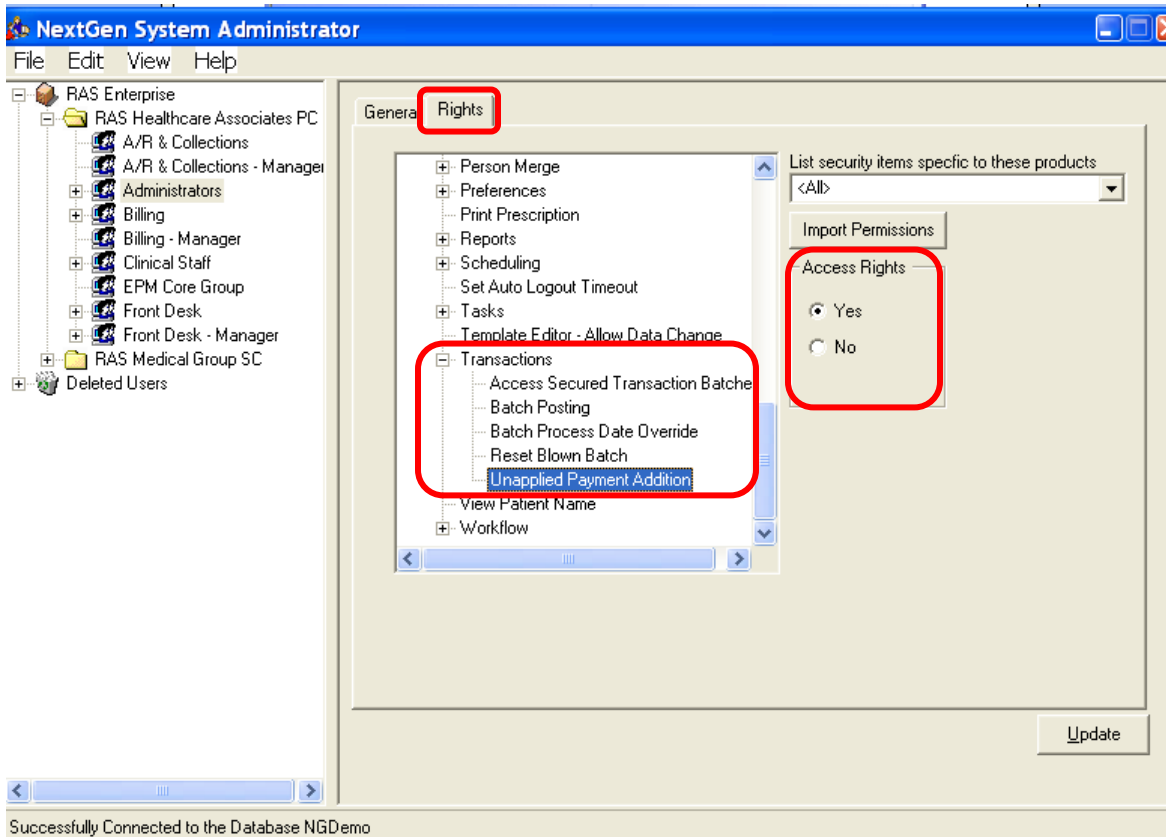
Examples:
- Patient co-payments collected at check-in entered prior to the charges.
- Patient payments entered against charges that do not have a patient balance.

Setup

System Administrator - Security

Users entering unapplied credit transactions will need to have the following security access rights:

- Operations > Transactions > *"Unapplied Payment Addition" = Yes*

File Maintenance > System Master Files > Transaction Codes

- Six transaction codes will be used by the system for unapplied credits. The codes are pre-predefined as follows:

  - ZApplied Encounter/Invoice Credit
  - ZApplied Encounter/Invoice Debit
  - ZApplied Account Credit
  - ZApplied Account Debit
  - ZTransfer Credit to Account
  - ZReceive Credit on Account

NOTE: The "Z" in the description is for alphabetic display purposes only. To a user, the codes will be at the bottom of the list. These system generated transaction codes should not be selected by a user when entering transactions on the Payment Entry window.

Practice Preferences > Transactions Tab

- The six transaction codes are attached in Practice Preferences > Transactions tab.
- Select the *"Utilize unapplied credit as payment"* checkbox.

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The six system generated transaction codes will be used automatically by the system as seen in the following examples.
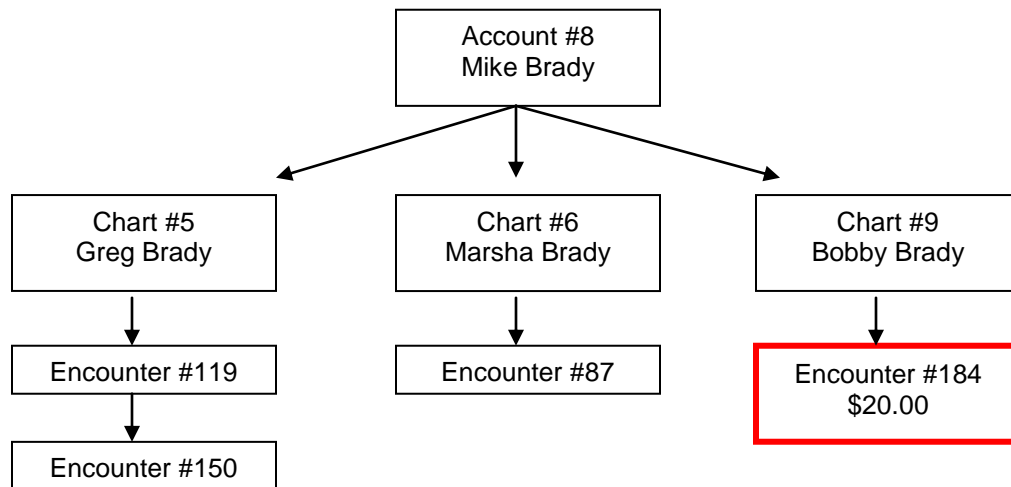
Encounter vs. Account Unapplied Credits

- When a patient payment is entered into NEXTGEN® EPM without being applied to a specific charge with a patient balance, the user is prompted as follows:
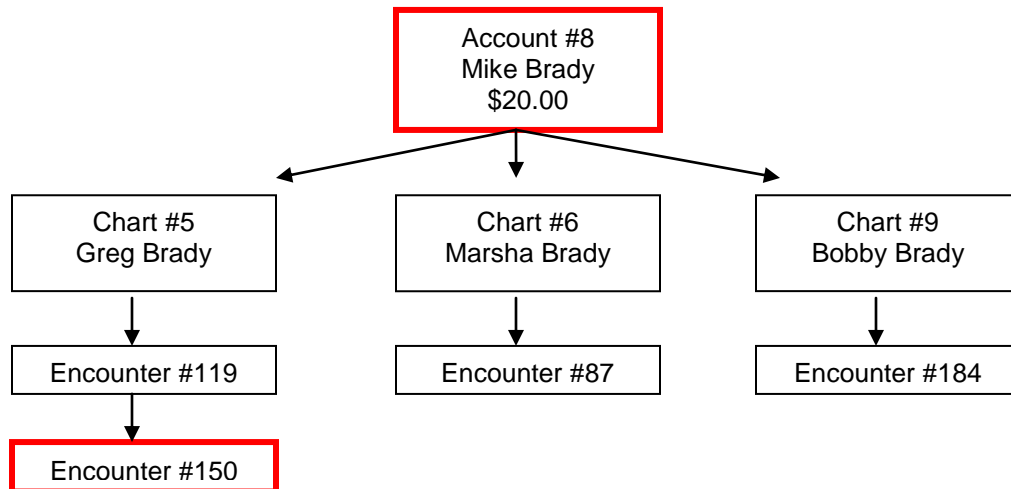
  "An unapplied amount will be created. Where would you like the unapplied amount to be applied? Encounter / Account / Cancel"
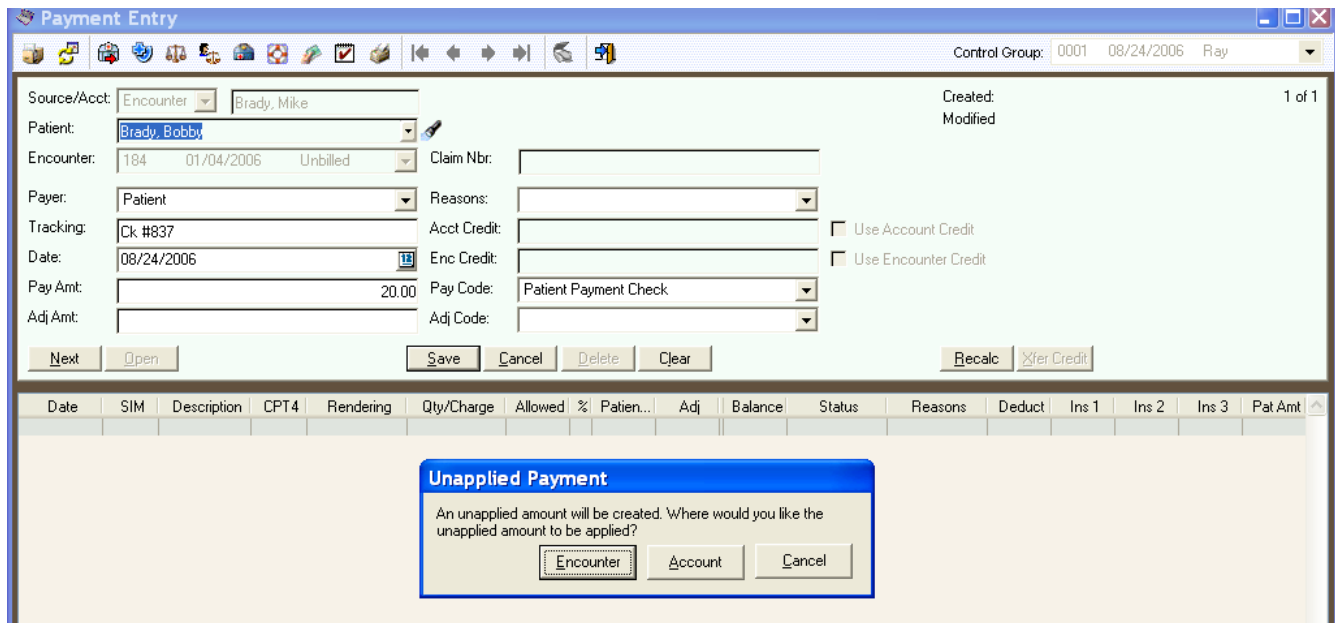
- If **Encounter** is selected, the unapplied credit is stored on that encounter. The credit can later be applied to a charge on that same encounter after the charges have been entered.

```
                    ┌─────────────────┐
                    │   Account #8    │
                    │   Mike Brady    │
                    └─────────────────┘
        ┌──────────────────┼──────────────────┐
┌─────────────┐   ┌─────────────┐   ┌─────────────┐
│  Chart #5   │   │  Chart #6   │   │  Chart #9   │
│  Greg Brady │   │ Marsha Brady│   │ Bobby Brady │
└─────────────┘   └─────────────┘   └─────────────┘
       │                 │                 │
┌─────────────┐   ┌─────────────┐   ┌─────────────┐
│Encounter#119│   │Encounter #87│   │Encounter#184│
└─────────────┘   └─────────────┘   │   $20.00    │
       │                            └─────────────┘
┌─────────────┐
│Encounter#150│
└─────────────┘
```

- If **Account** is selected, the unapplied credit is store on the account. The credit can later be applied to a charge on any encounter for which the account is responsible.

```
                    ┌─────────────────┐
                    │   Account #8    │
                    │   Mike Brady    │
                    │     $20.00      │
                    └─────────────────┘
        ┌──────────────────┼──────────────────┐
┌─────────────┐   ┌─────────────┐   ┌─────────────┐
│  Chart #5   │   │  Chart #6   │   │  Chart #9   │
│  Greg Brady │   │ Marsha Brady│   │ Bobby Brady │
└─────────────┘   └─────────────┘   └─────────────┘
       │                 │                 │
┌─────────────┐   ┌─────────────┐   ┌─────────────┐
│Encounter#119│   │Encounter #87│   │Encounter#184│
└─────────────┘   └─────────────┘   └─────────────┘
       │
┌─────────────┐
│Encounter#150│
└─────────────┘
```

Charge Posting

Prompt to Use Encounter Unapplied Credit

- A system alert displays when a user accesses the Charge Posting window for an encounter with an unapplied credit.

  NOTE: The alert displays only if "Unapplied Payments" has been selected in Practice Preferences > Alerts tab.
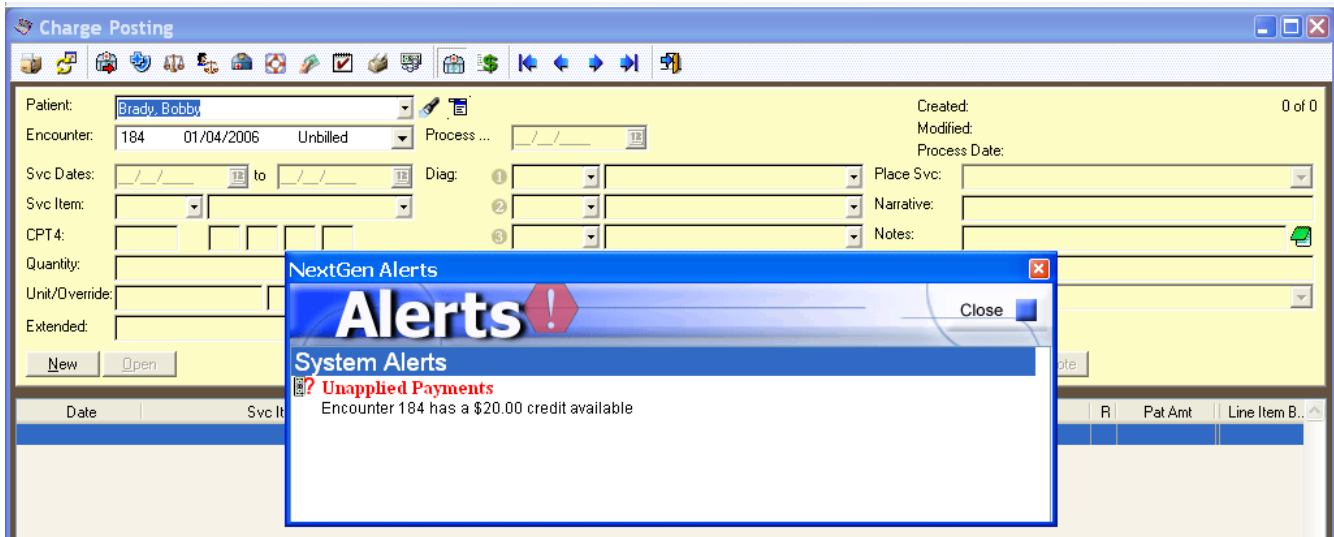
- When the *first* charge is entered on the encounter and saved, the user is prompted to utilize the unapplied credit.

  Yes   The unapplied credit is automatically applied to the charge.

  No   The unapplied credit is not applied to the charge and the user will not be prompted again on any other charges added.
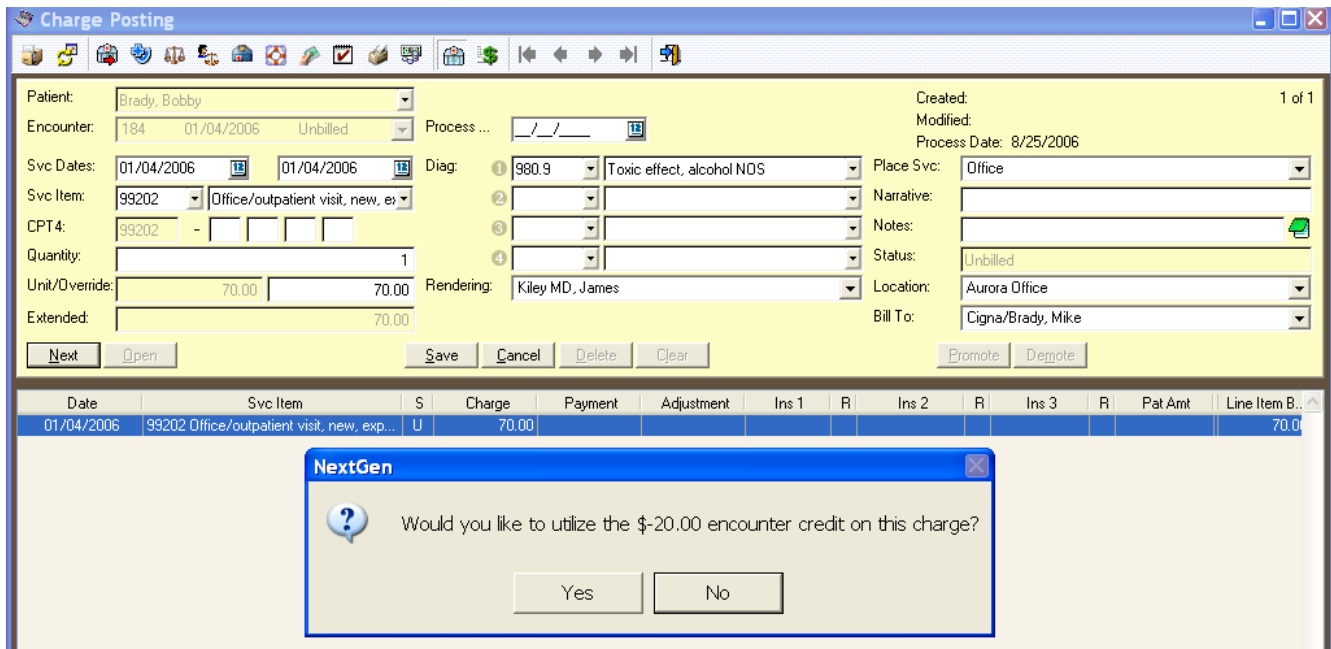
NOTES: *The user is prompted to utilize the unapplied credit only if;*

- *The user has an active transaction batch set.*
- *The patient has a copay amount entered in their insurance information. This will ensure that a portion of the first charge entered goes into the "Pat Amt" (patient amount) bucket.*
- *The prompt displays only for the first charge entered on the encounter. It does not display again for additional charges entered*
- *The prompt applies to encounter unapplied credits only. Users will never be prompted to apply an account unapplied credit during charge posting.*

System Generated Transactions

- When the unapplied credit is utilized on the first charge entered on the encounter, two automatic system generated transactions are created in the user's batch ledger as follows;

  ZApplied Encounter/Invoice Debit = **$20.00** Reduces the amount of the encounter unapplied credit from -$20.00 to $0.00

  ZApplied Encounter/Invoice Credit = **-$20.00** Reduces the patient balance on the first charge by $20.00

  Net = **$0.00**

Transfer Unapplied Credit

An encounter unapplied credit can be transferred to the account to be used on another encounter for which the account is responsible.

Transfer an Encounter Unapplied Credit to the Account

To transfer an unapplied credit:

- Access the **Payment Entry** window for the encounter that has the unapplied credit.
- Select **Patient** in the Payer field.
- The amount of the unapplied credit is displayed in the Enc Credit field.
- Click the **Xfer Credit** button to move the credit from the encounter to the account.

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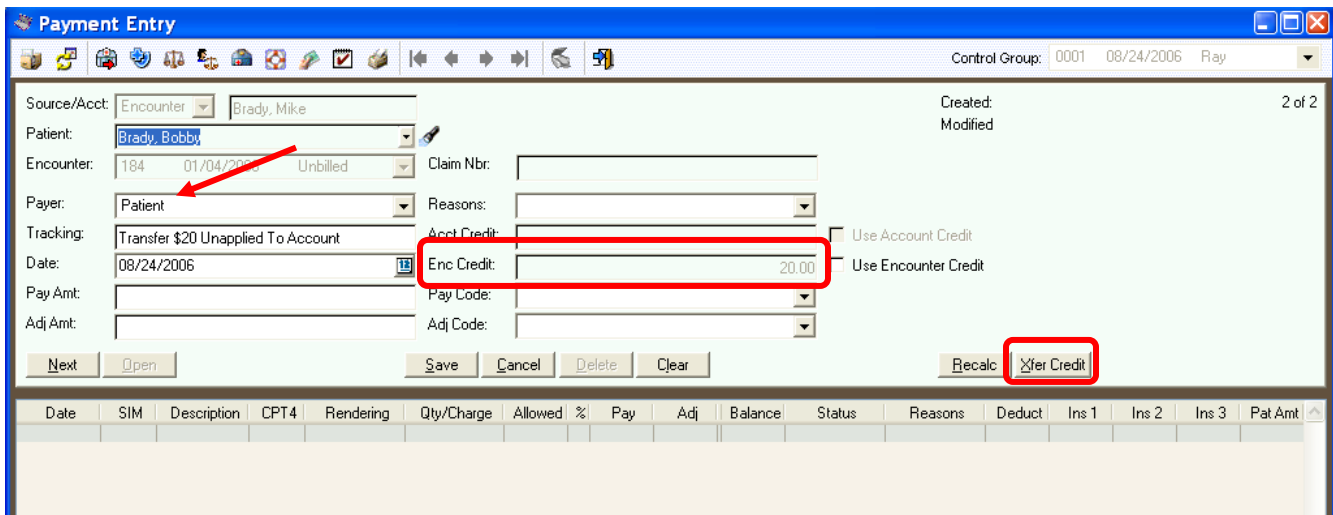
System Generated Transactions

- When the encounter unapplied credit is transferred to the account, two automatic system generated transactions are created in the user's batch ledger as follows;

ZTransfer Credit to Account =   **$20.00**   Reduces the amount of the encounter unapplied credit from -$20.00 to $0.00

ZReceive Credit on Account =   **-$20.00**   Increases the amount of the account unapplied credit from $0.00 to $20.00

Net = **$0.00**

Encounter:

Account:

Manually Apply an Unapplied Credit

To apply an unapplied credit:

- Access the **Payment Entry** window for an encounter that has a charge with a *Pat Amt* balance.
- Select **Patient** in the Payer field.
- The amount of the unapplied credit is displayed in the Enc Credit and/or Acct Credit fields.
- Select the **Use Encounter Credit** or **Use Account Credit** check-box.
- Click the **Save** button.

System Generated Transactions

- When the unapplied credit is utilized, the appropriate pair of automatic system generated transactions are created in the user's batch ledger as follows;

  ZApplied Encounter/Invoice Debit   **$20.00**
  ZApplied Encounter/Invoice Credit   **-$20.00**
  Net = $0.00

  Or

  ZApplied Account Debit =   **$20.00**
  ZApplied Account Credit =   **-$20.00**
  Net = $0.00

Reports

Unapplied Amounts by Account / Invoice / Encounter Report

Access the report from the Reports > Accounts Receivable menu.

- Helps identify outstanding unapplied credits that may need to be applied manually.
- Found from the Reports / Accounts Receivable menu.
- The report has "drill down" capability to easily access the accounts and encounters listed.

Unapplied Amounts by Account, Invoice and Encounter

Unapplied Amounts by Account, Invoice and Encounter

8/29/06 10:42 AM

E/I/A/B	Src Type	Unappld Amt
8	Account	-$20.00
24	Account	-$70.00
45	Account	-$40.00
106	Encounter	-$10.00
185	Encounter	-$10.00
186	Encounter	-$100.00
200	Encounter	-$10.00
214	Encounter	-$15.00
256	Encounter	-$15.00
TOTAL		**-$290.00**

Payment Reports

- On payment reports, unapplied credits that have not been applied to charges *are not associated to a rendering provider*.

  Patient Payment Check $15.00 (Pmt)   *Rendering = <No Rendering>*

- Once the unapplied credits have been utilized on charges, the appropriate pair of system generated payments take place and the payments are *now associated to a rendering provider* on reports.

  ZApplied Encounter Debit $15.00 (Pmt)   *Rendering = <No Rendering>*
  ZApplied Encounter Credit   -$15.00 (Pmt)   *Rendering = **Welby MD, Marcus***

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