



2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov



November 29, 2021

To: Hospital Chief Financial Officers
and Other Interested Parties

Re: Hospital Technical Letter No. 34

This is the 34th in a series of Hospital Technical Letters developed by the Department of Health Care Access and Information (HCAI), formerly the Office of Statewide Health Planning and Development (OSHPD), regarding our uniform accounting and reporting system requirements for California hospitals. The purpose of these letters is to provide timely information to assist you in meeting these requirements.

Charity Care

Section 1400 and Section 2410.5 of the Accounting and Reporting Manual for California Hospitals (Manual) contain requirements for reporting charity care. Charity is based on the amount of charges that the hospital determines a patient is financially unable to pay according to the eligibility criteria of the hospital's charity policy. Hospitals must maintain written documentation regarding all charity care determinations.

Charity is written off directly to Accounts Receivable, rather than to an allowance account, as charity determinations are made. Charity reflects actual amounts written off during the report period and is not the expected level of charity to be provided based on accrual estimates.

Once a determination is made that a patient is eligible for charity, that determination is final, unless the hospital made an error in the determination. However, if the hospital determines that a patient is not eligible for charity care, subsequent events may allow for the hospital to later change that determination if the patient meets the eligibility criteria at a later date.

All available resources must be first applied, including Medi-Cal and other third-party sources before charges are written off as charity. Hospitals must leave the Accounts Receivable open while pursuing collection from other resources.

Reporting Outpatient Visits by Payer Category

Hospitals are required to report the number of outpatient visits on Hospital Annual Disclosure Reports and Quarterly Financial and Utilization Reports. Section 4130 of the Manual defines how to count the following types of outpatient visits:

- Private Referred Ancillary Service Outpatient Visit
- Clinic Visit
- Emergency Services Visit
- Outpatient Ambulatory Surgery Visit
- Renal Dialysis Visit
- Observation Care Day
- Partial Hospitalization Psychiatric Visit
- Home Health Care Visit
- Satellite Clinic Visit
- Outpatient Chemical Dependency Visit
- Hospice Outpatient Visit
- Adult Day Health Care Visit.

Hospitals must report the actual count of outpatient visits by payer category for services rendered during the report period. Do not allocate the number of outpatient visits by payer category based on payer gross outpatient revenue. Additionally, do not include adjustments to outpatient visits by payer in the current report period that are related to services rendered in a previous report period.

Cross-Over Patients

This term applies a patient whose health care coverage is exhausted with one third-party payer and is then transferred to another third-party payer for supplemental coverage during the patient's hospitalization. For example, Medicare may provide medical coverage for a specified length of time, at which time no more benefits are provided. However, Medi-Cal may then be responsible for the remainder of the patient's stay. In these instances, all gross revenue, deductions from revenue, patient days, and discharges are to be recorded to the predominant (more than 50 percent of charges) payer category. Do not split patient days, gross revenue, or deductions from revenue by payer categories since you cannot split the discharge.

Program of All-Inclusive Care for the Elderly (PACE)

Program of All-Inclusive Care for the Elderly (PACE) is a Medicare and Medicaid program that helps people meet their health care needs in the community instead of going to a nursing home or other care facility.

PACE covers all Medicare and Medicaid covered care and services, and other services that the PACE team of health care professionals decides are necessary to improve and maintain health.

Although PACE covers Medicare and Medicaid covered care and services, PACE is a separate program. Hospitals should report patients covered by PACE in the Other Third

Parties – Managed Care payer category as Other Government using subclassifications .16 for inpatient and .56 for outpatient.

ANNUAL FINANCIAL DISCLOSURE REPORTING in 2021-22

The reporting requirements for the 47th year Hospital Annual Disclosure Report (HADR) cycle, which includes reporting periods ended June 30, 2021 through June 29, 2022, are the same as the previous year. The approved software (Version 47A) is:

<u>Vendor</u>	<u>Contact Person</u>	<u>Phone Number</u>	<u>Status</u>
Health Financial Systems	Becky Dolin	(916) 226-6269	Approved
Compu-Max	Jim David	(213) 433-3921	Approved

HADR Extension Policy: Hospitals may request 60 days on the initial HADR extension request. A second request must be submitted to use the remaining 30 days. The law prohibits HCAI from granting more than a total of 90 days.

QUARTERLY REPORTING for 2022

The reporting requirements for 2022 are the same as 2021. Hospitals use SIERA (System for Integrated Electronic Reporting and Auditing) to prepare and submit their Quarterly Financial and Utilization Reports (QFUR). Quarterly Reports are due 45 days after the end of each calendar quarter.

2022 Quarterly Report Periods and Due Dates

Quarter	Period Begins:	Period Ends:	Date Due
1st Quarter	January 1, 2022	March 31, 2022	May 15, 2022 (Sun.)
2nd Quarter	April 1, 2022	June 30, 2022	August 14, 2022 (Sun.)
3rd Quarter	July 1, 2022	September 30, 2022	November 14, 2022 (Mon.)
4th Quarter	October 1, 2022	December 31, 2022	February 14, 2023 (Tue.)

*Note: Quarterly Reports due on a Saturday, Sunday, or State holiday may be submitted the next business day without penalty.

QFUR Extension Policy: One 30-day extension will be granted upon request. The law prohibits OSHPD from granting more than 30 days.

Copies of previous Hospital Technical Letters are available on HCAI’s web site. If you have any accounting or reporting questions, please call me at (916) 326-3832.

Sincerely,

Original Signed By

Kyle Rowert
Hospital Unit Supervisor