Healthcare Information Division
Accounting and Reporting Systems Section
818 K Street, Room 400
Sacramento, California 95814
(916) 323-7685
Fax (916) 323-7675
www.oshpd.ca.gov/hid

October 2005

To: Hospital Chief Financial Officers
and Other Interested Parties

Re: Hospital Technical Letter No. 14

This is the 14th in a series of Hospital Technical Letters developed by the Office of Statewide Health Planning and Development (OSHPD or Office) 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.

CHARGEMASTER UPDATE

AB 1627 (Statutes of 2003) required each hospital to annually submit a copy of its chargemaster (CDM) and a list of charges for 25 services or procedures commonly charged to patients (Common 25 List) beginning July 1, 2005. The Office is pleased to announce that all 418 hospitals affected by AB 1627 have submitted their CDMs.

Data Availability

To find out more about CDM availability, go to:
http://www.oshpd.ca.gov/HQAD/Hospital/hospchrgmstr.htm

At this time, OSHPD has no plans to develop a web-site from which these documents can be downloaded. For $10.00, however, you can obtain a CD-ROM of all submitted CDMs and Common 25 Lists. Each hospital is listed in a separate folder (directory). If you are interested in purchasing this product, call OSHPD's Healthcare Information Resource Center at (916) 322-2814.

Common Reporting Problems

OSHPD reviewed each hospital's submission for compliance with legislative intent and the regulatory reporting requirements. Below are some of the common problems we encountered and advice on how to avoid them in future years:

1. Chargemaster contained many items that did not include a charge (blank or zero). The most common reasons included: the items were not charged to patients, they were no longer being provided, or the CDM numbers were used to track utilization. In the future, we suggest including an explanation for these blank

items in a cover letter or an additional column. In some instances, the hospital shared its CDM with another facility and services did not apply. Since these items did not apply to that hospital, they were deleted.

2. Pharmaceuticals were not included or contained missing prices on chargemaster due to a formula-driven pricing system. Hospitals with formula-driven pharmaceutical pricing systems (e.g., average wholesale price plus markup) were requested to submit prices as of June 1, 2005, including the markup percentage on that date. The intent of AB 1627 is to include prices for all chargeable items.

3. The Common 25 List contained no charges. Hospitals that submitted the Common 25 List, but did not include the related charges, were requested to submit a revised document.

4. The Common 25 List contained goods (drugs and supplies) and not services or procedures. The intent of AB 1627 is the reporting of 25 commonly charged services or procedures, excluding drugs and medical supplies. This problem happened mostly when the Common 25 List was compiled according to the frequency of billed items. These hospitals were advised of the legislative intent and requested to provide a more comparable list in 2006.

5. Some rural and psychiatric hospitals thought they were exempt. Rural hospitals are exempt from making a copy of their CDMs available on location, but not from submitting them to OSHPD. Hospitals licensed by the Department of Mental Health as a "Psychiatric Health Facility" are exempt from all provisions of AB 1627. These exemptions do not apply to hospitals licensed by the Department of Health Services as "Acute Psychiatric".

2006 Reporting Requirements

Beginning July 1, 2006, each hospital must annually submit an estimate of the percentage increase in the hospital's gross revenue due to any price change during the 12-month period beginning with the effective date of the previous CDM submitted to OSHPD (June 1, 2005). The estimate must include the estimate calculation and supporting documentation, and be in the same file format as the CDM and Common 25 List (MS Excel (.xls) or Comma Separated Value (.csv)) using the same method of submission (e-mail or CD-ROM). All documents must be submitted at the same time.

OSHPD does not prescribe or endorse a methodology for calculating this estimate; however, it would appear that one needs to address changes in utilization, new and/or discontinued services, and price changes.

Legislation That Would Affect AB 1627 Reporting Requirements

There are currently two bills, AB 1045 (Frommer) and SB 917 (Speier) that would amend the AB 1627 reporting requirements. AB 1045 would require each hospital to submit a list of charges for 25 common outpatient procedures, while SB 917 would require each hospital to submit a list of charges for its 25 most common Medicare DRGs. Both bills would repeal the submission of the current list of 25 commonly

charged services or procedures. As of September 30, 2005 both bills have been sent to the Governor to sign or veto.

HOSPITAL ANNUAL DISCLOSURE REPORTS – Report Periods Ended 6-30-05 to 6-29-06

The reporting requirements for the 31st year disclosure cycle, which includes report periods ending June 30, 2005 through June 29, 2006, are the same as the previous year. Please review Hospital Technical Letter No. 13 (issued May 2005), which covers common reporting problems related to last year's revised Hospital Annual Disclosure Report (HADR). Topics include the revised standard units of measure, live birth summary vs. deliveries, Other Indigent vs. Other Payers, partial charity care, policy discounts, and Section 1011 payments.

As of September 30, 2005, two of last year's software vendors have been approved to distribute HADR reporting software (Version 31A). If your hospital has a HADR report period ended June 30, 2005, we suggest that you contact your vendor since the initial report due date is October 31, 2005.

Vendor	Contact Person	Phone Number	Status
Health Financial Systems	Charles Briggs	(916) 686-8152	Approved
Hospital Management Services	Lanny Hawkinson	(714) 992-1525	Testing
KPMG	Cathie Kincheloe	(213) 955-8992	Approved

QUARTERLY REPORTING IN 2006

The reporting requirements for 2006 are the same as 2005. All hospitals are still required to use OSHPD's Internet Hospital Quarterly Reporting System (IHQRS) to prepare and submit their Quarterly Financial and Utilization Reports (QFUR). Quarterly Reports are due 45 days after the end of each calendar quarter.

Quarter	From	To	Due Date
1st Quarter	1-01-06	3-31-06	5-15-06 (Mon.)
2nd Quarter	4-01-06	6-30-06	8-14-06 (Mon.)
3rd Quarter	7-01-06	9-30-06	11-14-06 (Tue.)
4th Quarter	10-01-06	12-31-06	2-14-07 (Wed.)

REVISED EXTENSION POLICY

OSHPD has revised its policy for requesting and approving extensions on annual and quarterly financial disclosure reports. Specifically, we have increased the number of extension days allowed per request. The policy change will reduce the amount of resources and paperwork required by OSHPD to process extension requests. We did not, however, change the total number of extension days available (90 days for HADR and 30 days for QFUR); this would require legislation.

Hospital Annual Disclosure Reports

In the past, our policy limited HADR requests for extension to 30 days per request. Beginning with report periods ended on and after June 30, 2005, hospitals may request 60 days on the initial HADR extension request. However, hospitals must still submit a second request to use the remaining 30 days.

Quarterly Financial and Utilization Report

The QFUR extension policy was changed effective with the calendar quarter ended June 30, 2005. The previous policy limited extensions to 10 days per request. Our revised policy is to grant the full 30 extension days in a single request.

CAUTION: While the policy change will make it easier to obtain extensions, the total number of available days did not change. Since OSHPD cannot grant more than the maximum allowable days, the $100 per day penalty would commence for reports submitted after the final due date. Please be careful that you do not "waste" your extension days.

HINTS TO IMPROVE DATA ACCURACY

CMSP Blue Cross Life

The County Medical Services Program (CMSP) was established in January 1983, when California law transferred responsibility for providing healthcare services to indigent adults from the State to the counties. The program provides health coverage to low-income indigent adults in 34, mostly rural counties with a population of 300,000 or fewer. The Department of Health Services administers the CMSP program under contract.

Beginning October 1, 2005, Blue Cross Life & Health Insurance Company (BC Life) will assume administrative responsibility for CMSP. Enrolled patients should be reported in the County Indigent Programs – Managed Care payer category, even though the Hospital Manual currently indicates that CMSP patients are to be reported in the County Indigent Programs – Traditional payer category. The Hospital Manual will be revised through the State's regulatory process at a later date.

If you would like copies of previous Hospital Technical Letters, or if you have any questions, please call Tim Pasco at (916) 323-1955, or me at (916) 323-7681.

Sincerely,

Kenrick J. Kwong
Section Manager