

**OSHPD** Office of Statewide Health Planning and Development**Accounting and Reporting Systems Section**

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January 2015

To: Hospital Chief Financial Officers  
and Other Interested Parties

**Re: Hospital Technical Letter No. 27**

This is the 27<sup>th</sup> 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.

**SIERA - Users can now make corrections to annual reports after initial submission**

We have added a new function to SIERA (System for Integrated Electronic Reporting and Auditing) that will allow SIERA users to make corrections to an annual report once it's been submitted when they are logged in to SIERA. Hospitals would still continue to use third-party vendor software to prepare annual financial reports.

For detailed instructions on how to submit corrections to an annual report after initial submission please use the following link from SIERA:

<https://siera.oshpd.ca.gov/HelpTopic.aspx?id=94>

**340B Pharmacy Program**

The 340B Drug Discount Program is a U.S federal government program created in 1992 that requires drug manufacturers to provide outpatient drugs to eligible health care organizations/covered entities at significantly reduced prices.

Hospitals must report 340B pharmacy program revenue under Drugs Sold to Patients at the hospital's full established rate with any negotiated discount as a contractual adjustment or policy discount. Expense would be reported on page 17, column 5, line 330 of the annual report if the hospital pays for the cost of the drugs. If an outside retail pharmacy pays for the cost of the drugs, the hospital would report expense as a purchased service on page 17, column 6, line 330 along with any dispensing fee charged to the hospital.

Our guidance is based on the final notice posted by HRSA (Health Resources and Services Administration) on March 5, 2010 which states, "The covered entity and the contract pharmacy will develop a system to verify patient eligibility, as defined by HRSA

guidelines. The system should be subject to modification in the event of change in such guidelines. Both parties agree that they will not resell or transfer a drug purchased at section 340B prices to an individual who is not a patient of the covered entity.”

### **Low Income Health Program (LIHP) Reporting requirements**

Previously we stated in Technical Letter number 25 that LIHP patients were to be reported under the County Indigent Managed Care Payer category since they were not eligible for Medi-Cal. Since January 2014, all LIHP patients who are Medi-Cal eligible should be reported under the Medi-Cal Managed Care payer category. Any LIHP patient who must get coverage under the Exchange through the Affordable Care Act would either be reported under Third Party Managed Care payer category if they are under a managed care plan or Third Party Traditional payer category.

### **Severance Pay and Employee Bonuses**

Severance pay must be reported under the employee’s using cost center on pages 21 and 22, column 21 on the annual report as non-productive dollars. The expense must be reported under classification .18, other payroll related benefits on pages 15-18, column 2, on the annual report in the employee’s using cost center.

Employee bonuses must be reported as productive dollars under the employee’s work classification and using cost center on pages 21 and 22 of the annual report. Expense must be reported as salaries and wages on pages 15-18, column 1, on the annual report in the employee’s using cost center.

### **Wound Care**

We have noticed several hospitals trying to report wound care expense under Other Daily Services, Other Ambulatory, or Other Ancillary Services. The expense for inpatient or outpatient wound care must be reported in the cost center where the patient is being given care.

### **Reporting Services given to patients with no charge rendered**

If services are provided to patients with no charge rendered, hospitals should still report revenue at their full established rate found in their Chargemaster Description. If no financial screening is done, a deduction for the same amount should be reported as a policy discount. If financial screening is done and the patient meets the hospital’s charity guidelines, the deduction would be reported as charity. Units of service should also be tracked and reported for any service given with no charge rendered in the using cost center.

### **Revising Quarterly Reports**

Adjustments to quarterly reports need to be made in the quarter in which the revenue was earned, not when the adjustment was made. This is especially true when year-end adjustments are made in the final quarter of the hospital’s annual reporting cycle. The data will not be comparable for many of our data users, such as government agencies, researchers and media, who use the individual quarterly reports for their analysis unless changes are made to the quarters in which the revenue was earned.

**ANNUAL FINANCIAL DISCLOSURE REPORTING in 2014-15**

The reporting requirements for the 40th year Hospital Annual Disclosure Report (HADR) cycle, which includes reporting periods ended June 30, 2014 through June 29, 2015, are the same as the previous year. All vendors have been approved to distribute HADR reporting software (Version 40A):

<u>Vendor</u>	<u>Contact Person</u>	<u>Phone Number</u>	<u>Status</u>
Health Financial Systems	Becky Dolin	(888) 216-6041	Approved
CDL Data Solutions, Inc.	Lanny Hawkinson	(714) 525-1907	Approved
KPMG	Joseph Quinn	(800) 243-7507-ex2	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.

**QUARTERLY REPORTING for 2015**

The reporting requirements for 2015 are the same as 2014. All hospitals are still required to 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.

**2015 Quarterly Report Periods and Due Dates**

<b>Quarter</b>	<b>Period Begins:</b>	<b>Period Ends:</b>	<b>Date Due</b>
1st Quarter	January 1, 2015	March 31, 2015	May 15, 2015 (Fri.)
2nd Quarter	April 1, 2015	June 30, 2015	August 14, 2015 (Fri.)
3rd Quarter	July 1, 2015	September 30, 2015	*November 16, 2015 (Mon.)
4th Quarter	October 1, 2015	December 31, 2015	*February 16, 2016 (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.

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Copies of previous Hospital Technical Letters are available on the OSHPD 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