OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT
HEALTHCARE INFORMATION DIVISION
ACCOUNTING AND REPORTING SYSTEMS SECTION
818 K Street, Room 400
Sacramento, California 95814
(916) 323-7685   FAX (916) 323-7675

June 1999

To: Hospital Chief Financial Officers
         and Other Interested Parties

Re: Hospital Technical Letter No. 6

This is the sixth in a series of Hospital Technical Letters developed by the 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.

1999 Quarterly Financial and Utilization Report Periods and Due Dates
Quarterly reports must be submitted to the Office within 45 days after end of each calendar quarter. The 1999 quarterly reporting periods and due dates are:

Quarter	From	To	Due Date
1st Quarter	January 1, 1999	March 31, 1999	May 15, 1999 *
2nd Quarter	April 1, 1999	June 30, 1999	August 14, 1999 *
3rd Quarter	July 1, 1999	September 30, 1999	November 14, 1999 *
4th Quarter	October 1, 1999	December 31, 1999	February 14, 2000

* Note: Reports for the 1st quarter of 1999 may be submitted on Monday, May 17, 1999, and still considered timely. (May 15 falls on a Saturday.) Reports for the 2nd quarter of 1999 may be submitted on Monday, August 16, 1999, and still considered timely. (August 14 falls on a Saturday.) Reports for the 3rd quarter of 1999 may be submitted on Monday, November 15, 1999, and still considered timely. (November 14 falls on a Sunday.)

Hospital Quarterly Reporting System (HQRS) Software
The Y2K compliant version of the HQRS software is Version 1.4.2, which was released in May 1999. While HQRS Version 1.4 (March 1997) and Version 1.4.1 (September 1998) will still allow you to prepare and submit your 1999 Quarterly Financial and Utilization Reports, you are encouraged to download and install HQRS Version 1.4.2. You can download the revised software from the following website (www.oshpd.ca.gov/y2khqrs) or by modem from our BBS using your current HQRS software.

If you are unable to download the revised software, you can obtain a copy on diskette or by e-mail. Contact Patricia Burritt at (916) 323-0875 or at pburritt@oshpd.cahwnet.gov.

Acceptable Methods for Submitting Your 1999 Quarterly Reports
The Office's quarterly reporting requirements specify that hospitals are to use the Office-provided HQRS software to prepare their quarterly reports and to submit the completed reports by modem to our BBS. However, if your PC uses the Windows NT operating system or if your PC has a Winmodem, the DOS-based HQRS application will not allow you to transmit your report by modem. For quarterly reporting in calendar year 2000 and beyond, the Office will provide a Windows-based application which should resolve these problems.

As a result of the problems stated above, we will accept quarterly reports using the following methods, which are listed in order of preference:

Option 1. Submit the completed report by modem to our BBS. Over 70% of the hospitals are able to meet this electronic reporting requirement and it remains the preferred method. The HQRS software will automatically print a Facsimile Report after you have successfully transmitted your report by modem. A five-digit confirmation number will appear in the upper-right corner of this Facsimile Report. Retain a copy of this report as proof of submission.

Option 2. Submit the completed report by electronic mail (e-mail) as an attachment. To submit your report by e-mail, go to the directory where the HQRS software is installed and locate the quarterly report file. The filename is "qtrYYQ.rpt", where "YY" is the year and "Q" is the quarter. Attach this file using your e-mail software and send it to: pburritt@oshpd.cahwnet.gov. Clearly identify your hospital (use OSHPD Facility No.) and the report being sent, along with a brief description of the reason. The Office will acknowledge receipt of your e-mailed report by sending you a confirmation number. We suggest that you either print or save our reply for your records. About 15% of the reports are being submitted in this manner.

Option 3. Submit the completed report on diskette. This is a new option. To submit your report on diskette, go to the directory where the HQRS software is installed and locate the quarterly report file. The filename is "qtrYYQ.rpt", where "YY" is the year and "Q" is the quarter. Copy this file onto a 3.5" (1.44 MB) diskette and send it via certified mail, return receipt requested, to: Patricia Burritt, Office of Statewide Health Planning and Development, Accounting and Reporting Systems Section, 818 K Street Room 400, Sacramento CA 95814. Include a cover letter which clearly identifies your hospital (use OSHPD Facility No.) and the report being sent, along with a brief description of the reason.

Option 4. Mail the HQRS-produced, Facsimile Report. If you are unable submit your quarterly report electronically, we are requesting that reports be mailed instead of faxed because of legibility problems with faxed reports. Use the HQRS software to complete your quarterly report. When it is finished, go to the Main Menu and print the Facsimile Report (not the Edit Report). Send the signed report via certified mail, return receipt requested, to Patricia Burritt at the address above.

Option 5. Fax the HQRS-produced Facsimile Report. About 15% of the hospitals have used this option over the years. Be sure to print the Facsimile Report and not the Edit Report. While faxing is a convenient method of submitting your report, our Data Entry staff have cited problems with legibility, which increases the chances of data entry errors. If you are unable to use options 1 through 4, you may fax the signed, HQRS-produced Facsimile Report to Patricia Burritt at (916) 323-7675.

Option 6. Mail the standard Quarterly Financial and Utilization Report form. This option is to be used only if you have received prior written approval from the Office. We will grant this modification only if you are unable to use the HQRS software. A blank reporting form is usually sent to the hospital about 30 days before the report due date. Send the signed, original standard report form via certified mail, return receipt requested, to Patricia Burritt at the address above.

We appreciate your cooperation and understanding in this matter. If you have any questions, please contact Patricia Burritt at (916) 323-0875, or at pburritt@oshpd.cahwnet.gov.

ACCOUNTING AND REPORTING REQUIREMENTS FOR MANAGED CARE PAYER CATEGORIES

In October 1998, the Office issued Hospital Transmittal Letter No. 8 to update the *Accounting and Reporting Manual for California Hospitals* (Manual). The focus of the changes was the establishment of new payer categories to account and report the activities associated with patients enrolled in managed care health plans.

The new payer categories include Medicare - Managed Care, Medi-Cal - Managed Care, County Indigent Programs - Managed Care, and Other Third Parties - Managed Care. We also established an Other Indigent payer category to separately account and report those indigent patients who are <u>not</u> the responsibility of a county Section 17000 obligation. These indigent patients were formerly included in the Other Payers category.

The existing Medicare, Medi-Cal, and County Indigent Programs payer categories have the same definition, but have the word "Traditional" added to distinguish them from their managed care counterparts. The Other Third Parties payer category has been renamed Other Third Parties – Traditional, and now excludes all managed care health plans. Although the Other Payers category retains the same name, it now excludes non-county indigent patients. A complete list of the 10 required payer categories follows:

Medicare – Traditional	County Indigent Programs – Managed Care
Medicare – Managed Care	Other Third Parties - Traditional
Medi-Cal – Traditional	Other Third Parties – Managed Care
Medi-Cal – Managed Care	Other Indigent
County Indigent Programs – Traditional	Other Payers

The accounting system changes must be implemented effective with hospital fiscal years beginning on or after July 1, 1999. Sections 2230 and 2430 of the Manual describe the subclassifications for patient service revenue accounts and deductions from revenue. The initial Hospital Annual Disclosure Reports to reflect the new reporting requirements will be for the report period ending June 30, 2000 and are due on or before October 31, 2000. For each payer category, hospitals will be required to report patient days and discharges by type of care and outpatient visits by type of visit (report page 4.1), and gross inpatient and outpatient revenue by revenue center and related deductions from revenue (report page 12).

The initial revised Quarterly Financial and Utilization Reports will cover the calendar quarter ending March 31, 2000 and are due on or before May 15, 2000. Affected data items include patient days, discharges, outpatient visits, gross inpatient and outpatient revenue, deductions from revenue, capitation premium revenue, and net patient revenue.

If you need a copy of Hospital Transmittal Letter No. 8, please contact Phyllis Diaz at (916) 323-3837. If you have any other questions regarding the implementation of these accounting system requirements, please call Tim Pasco at (916) 323-1955 or Kenny Kwong at (916) 323-7681.

<u>WHAT'S NEW ON THE OSHPD WEB-SITE?</u>
The Healthcare Data section of the Office's web-site (www.oshpd.ca.gov) has undergone significant format changes since the last technical letter was issued, and continues to be a valuable source of healthcare data and information related to hospitals and other health facilities in California. The most recent hospital annual financial data file available for download contains 225 selected data items derived from 541 Hospital Annual Disclosure Reports submitted to the Office with report periods ended July 1, 1997 through June 30, 1998. The data file is available in a comma-separated value text (TXT) format for MS Excel and database applications, and in a Lotus (WK3) format for Lotus 1-2-3 and Quatro Pro applications. Documentation is included when you download the data file.

The most recent hospital quarterly financial data available for download are derived from Quarterly Financial and Utilization Reports submitted for the calendar quarter ended December 31, 1998. You can download either a data file for the calendar quarter ended December 31, 1998, or an aggregate data file

for all four calendar quarters ended in 1998. These data files are available in a comma-separated value (CSV) format and in a Lotus (WK3) format.

To find these downloadable data files on the Office's web-site, click on Healthcare Data from the Main Page. Then click on Information Resources, Data Users, Hospitals, and Financial. To use these files, you will need WinZip to uncompress the data files and Adobe Acrobat Reader to view the documentation.

REVIEW OF HOSPITAL FINANCIAL AND UTILIZATION DATA REPORTS

SB 1973 (Statutes of 1998) was enacted on September 22, 1998 and became effective January 1, 1999. As enacted, this bill added Health and Safety Code Section 128681, which requires the Office to contract with a consulting firm to conduct a comprehensive review of the financial and utilization data reports that hospitals are required to file with the Office and similar reports required by other State departments. The purpose of the review is to identify opportunities to eliminate the collection of data that no longer serve a significant purpose, to reduce the redundant reporting of similar data to different State departments, to identify data that are not now collected but would serve a significant purpose, and to consolidate reports wherever practical. The contracting consulting firm is to consult with a broad range of data users, including consumers, payers, purchasers, providers, employers, employees, and organizations that represent data users. Hopefully, the review will result in greater efficiency in collecting and disseminating needed hospital information to the public and reduce hospital costs and administrative burdens associated with reporting the information.

In January 1999, the Office issued a Request for Proposal (RFP) to obtain bids on the project. Four bids were submitted. An Evaluation Committee was formed to review, rate, and discuss each proposal based on the project's objectives and the proposer's qualifications. The contract was awarded to the consulting firm of Clark, Lowry, and Koortbojian, which submitted the most qualified as well as the lowest bid. The project is scheduled to begin on June 1, 1999; and culminate on December 31, 1999 with the delivery of the consultant's final findings and recommendations. As a data provider and data user, your hospital may be contacted by a representative from Clark, Lowry, and Koortbojian for input and comments. Your cooperation would be appreciated.

If you would like copies of previous Hospital Technical Letters, or if you have any questions, please call Kenny Kwong at (916) 323-7681, or me at (916) 323-7676.

Sincerely,

Jay R. Benson
Manager