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) 327-0377



December 1999

To: Hospital Chief Financial Officers and Other Interested Parties

Re: Hospital Technical Letter No. 7

This is the seventh 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.

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 sub-classifications 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 **Quarterly Financial and Utilization Reports** to incorporate the new payer categories will cover the calendar quarter ending March 31, 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. Copies of the revised annual and quarterly reporting forms were included with Hospital Transmittal Letter No. 8.

QUARTERLY REPORTING VIA THE INTERNET IN 2000

Effective with the calendar quarter ending March 31, 2000, hospitals will be required to use an Internet application located on the Office's web-site to enter, edit, and submit their Quarterly Reports. The Internet

application will replace the current PC-based Hospital Quarterly Reporting System (HQRS) software. We feel this reporting mechanism will alleviate many of the technical problems we have encountered maintaining the PC-based HQRS software in this rapidly changing PC environment.

This means hospitals will be required to have a PC with Internet access and Internet Explorer 4.01 (Service Pack 1) or higher, in order to prepare and submit their Quarterly Reports. The application under development will not support Netscape at this time. In January 2000, the Office will be mailing Quarterly Reporting Enrollment Forms to each hospital in order to establish User IDs and Passwords. The new HQRS software should be fully tested and implemented by March 15, 2000. Reporting modifications will be granted on a case-by-case basis to those hospitals that are unable to obtain Internet access by May 15, 2000, the initial report due date under the new reporting requirements.

The quarterly reporting periods and due dates for 2000 are:

Quarter	From	То	Due Date
1st Quarter	January 1, 2000	March 31, 2000	May 15, 2000 (Monday)
2nd Quarter	April 1, 2000	June 30, 2000	August 14, 2000 (Monday)
3rd Quarter	July 1, 2000	September 30, 2000	November 14, 2000 (Tuesday)
4th Quarter	October 1, 2000	December 31, 2000	February 14, 2001 (Wednesday)

NEW WEB ADDRESS AND DATA DOWNLOADS ON OSHPD WEB-SITE

The Office has changed to another Internet Service Provider (ISP), which resulted in our web-site moving to: "<u>www.oshpd.state.ca.us</u>". Please be sure to update your Internet Favorites and/or Bookmarks with the new address. We are constantly adding new data downloads to the Healthcare Data section. Additionally, we have added a Data Archive section which allows you to download previously released data files.

The most recent hospital annual financial data file available for download contains 225 selected data items derived from 528 Hospital Annual Disclosure Reports submitted to the Office with report periods ended January 1, 1998 through December 31, 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. Attached are some reports which we produced using the 1998 data file that display financial and utilization data in various aggregations.

The most recent hospital quarterly financial data available for download are derived from Quarterly Financial and Utilization Reports submitted for the calendar quarter ended June 30, 1999. You can download either a data file for the calendar quarter ended June 30, 1999, or an aggregate data file for the four calendar quarters ended June 30, 1999. 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.

NEW E-MAIL ADDRESS FOR OSHPD STAFF

The change in ISP has also changed our e-mail address. The new address is "<userid>@oshpd.state.ca.us". The old address was "<userid>@oshpd.cahwnet.gov". Please update your address books.

If you would like copies of previous Hospital Technical Letters, or if you have any questions, please call me at (916) 323-7681, or send a note to "kkwong@oshpd.state.ca.us".

Sincerely,

Kenrick J. Kwong, Supervisor Hospital Financial Data Unit