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To: Long-Term Care Facility Financial Personnel  
and Other Interested Parties

**Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 11**

This is the 11th in a series of Long-term Care Facility Tips and Reporting Reminders developed by the Department of Health Care Access and Information (HCAI) regarding our various reporting requirements and systems. The purpose of these letters is to provide timely information to assist you in meeting the requirements set forth in the *Accounting and Reporting Manual for California Long-term Care Facilities, Second Edition* (the Manual) when preparing and submitting the annual Long-Term Care Integrated Disclosure and Medi-Cal Cost Report (the Disclosure Report) as well as additional reporting requirements.

**Change Due Date for SNF Annual Consolidated Financial Reports (ACFRs)**

The current due date for the ACFRs has proven to be problematic for many report preparers. A few of the major issues are that 1) it is the same due date as the Disclosure Report (four months after the facility's fiscal year-end with an additional 90-days of extension) which creates a staffing crunch for CPA firms, 2) information from the Disclosure Report flows to the ACFR and the ACFR cannot be reviewed until the Disclosure Report has been completed and 3) most organizations engage their CPA once to audit their financial statement and to prepare tax returns (almost always they file extensions on tax returns until mid-October).

Due to these issues, HCAI has begun the regulations process to change the due date from four months after the facility's fiscal year-end to eight months after the facility's fiscal year-end. There will still be an additional 90-days of extension available upon request. We anticipate this change will be in effect for report periods ending on or after December 31, 2026.

## **Annual Special Assessment Fee**

There has been an increasing amount of questions regarding the annual Special Assessment Fee. For several decades, Section 127280 of the Health and Safety Code requires health facilities to pay an annual special fee assessment to the Department of Health Care Access and Information (Department). The special fee assessment rate for Long Term Care Facilities for the 2025-26 fiscal year is .025%. The Department determines the special fee amount by applying the rate to each facility's gross operating expenses. A facility's operating expenses are obtained from the facility's annual financial disclosure report for the fiscal year ended on or before June 30, 2024. This fee provides funding for the Department's health planning functions and health facility data collection and disclosure activities.

## **Merit-based Incentive Payment System**

The Centers for Medicare & Medicaid Services (CMS) uses the Merit-based Incentive Payment System (MIPS) to incentivize healthcare providers for their quality, cost, and use of health information technology. MIPS reporting involves collecting and submitting data on specific quality measures, improvement activities, and promoting interoperability measures. This data is then used to calculate a performance score, which can result in positive or negative adjustments to Medicare payments. **No direct payment received so no adjustment to contractals.**

## **Tips for Reporting:**

ACFR - Remember to include ALL individual financial statements for each related entity with a 5% or more ownership or control interest that is not already included in the consolidated financial report. These financial statements must include the Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and if applicable, Statement of Patient Census and Statement of Patient Revenue.

ACFR - ALL documents must be in PDF, machine-readable format, including the Organizational Structure Visualizations. This means that the text in the documents must be selectable.

ACFR - ALL documents should have a header that includes essential details that help identify the content (ex. title, name of reporting entity, name of SNF, etc.).

ACFR - Any time a document is added or replaced, a new, signed certification must also be submitted.

ACFR - Individual Balance Sheets, Income Statements, Statements of Changes in Equity, and Statements of Cash Flows for related entities with 5% or more ownership or control interest that are not included in the consolidated report do not need to be reviewed by a CPA.

ACFR - Make sure Statements of Patient Census and Statements of Patient Revenue are reported at the consolidated level. For example, if there are multiple related SNFs, do not submit individual statements for each one. Instead, submit one consolidated Statement of Patient Census and one consolidated Statement of Patient Revenue.

Financial - For Congregate Living Health Facilities not required to use third party software, new report forms can be found on [HCAI's website](#) and completed reports (with signed certification) can be emailed to [financial@hcai.ca.gov](mailto:financial@hcai.ca.gov).

### **Labor Turnover Reporting**

We have noticed that many facilities are not accurately reporting Labor Turnover data on Page 12.2. To assist in the preparation of this data, we have compiled the following guidelines:

For completing Page 12.2, Lines 605-630, include all part-time and permanent employees. Do not include registry nurses or other employees whose compensation is not reported as Salaries and Wages on Page 10.1. For facilities providing Residential Care, include all employees whose duties are in any way related to health care activities. Exclude only employees whose duties are related solely to Residential Care.

#### **Line 605 – “Number of employees at beginning of period”**

Beginning employees should be the same as the prior year ending employees (line 610).

If this is the first report that the facility is submitting to HCAI, beginning employees will be the number of employees on payroll at the beginning of the report period.

#### **Line 615 – “Average number of employees”**

Average number of employees should not be calculated by taking the beginning employees plus the ending employees divided by two. This figure should be calculated by adding together the number of health care employees paid each payroll period and then dividing the sum by the total number of pay periods.

#### **Line 620 – “Total number of people employed during the period”**

Total employees should be equal to or greater than beginning employees plus ending employees minus continuous employees.

This figure counts individual persons hired. For example, if someone is employed at the facility and leaves, then is re-hired during the report period, count that employee only once.

The number of W2s issued during a report period that is a calendar year would be the source document for the total number of people employed during the period.

Line 630 – “Number of employees with continuous service for entire reporting period”

Continuous employees are those employees on payroll at the beginning of the reporting period and still on payroll at the end of the period. This number should not be greater than the smaller of the beginning employees (Line 605) and ending employees (Line 610).

Column 2 – “Direct Nursing Employees”

Employees that should be included in column 2 are those that provide direct care to patients. Including, but not limited to, Registered Nurses, Licensed Vocational Nurses, Certified Nursing Assistants, Physical Therapists, Occupational Therapists, Speech Therapists, and Respiratory Therapists. Another way of looking at it is to include only employees with hours reported on Page 12.1, Column 1, Lines 10 through 60, lines 75 through 125, lines 145 through 175, lines 191 through 198, and lines 205 through 225.

**Data Products**

The Long-Term Care annual financial complete dataset, selected dataset, pivot profile, and accompanying documentation are available on the California Health & Human Services Agency’s Open Data Portal (<https://data.chhs.ca.gov/dataset/long-term-care-facility-disclosure-report-data>), which is also accessible from [HCAI’s website](#).

**ANNUAL FINANCIAL DISCLOSURE REPORTING**

The reporting requirements for the 49th year Long-term Care Annual Disclosure and Medi-Cal Cost Report annual disclosure report cycle, which includes reporting periods ending January 1, 2025, through December 31, 2025, has not changed. Reporting forms and Manual instructions can be found on [HCAI’s website](#).

Reports are due 4 months after the facility’s fiscal year-end. There are 90 days of extension that may be requested via SIERA (<https://siera.hcai.ca.gov/>) if the facility needs additional time to complete the report. This extension is not automatic, it must be requested. To submit your report or to request an extension, you may do so by logging into your SIERA account. A SIERA user may complete an extension request via the “Request Extensions” tab. If you are not a user and need an extension, please contact the SIERA Help Desk at (916) 326-3240 or [financial@hcai.ca.gov](mailto:financial@hcai.ca.gov) for assistance.

Congregate Living Health Facilities (CLHFs) are not required to utilize software to prepare annual reports; instead, [download the reporting forms](#) from the HCAI website, complete and return the report file and signed certification (first page of reporting forms) to [financial@hcai.ca.gov](mailto:financial@hcai.ca.gov). Only Pages 1-9 are required for this facility type.

The vendors listed below have been approved to distribute ADR reporting software (Version 49A):

**Health Financial Systems**

Becky Dolin  
(888) 216-6041

**Compu-Max**

Jim David  
(213) 433-3921

If you have any accounting or reporting questions, please contact me at (916) 326-3833 or [lexie.boyd@hcai.ca.gov](mailto:lexie.boyd@hcai.ca.gov). For questions regarding extensions or SIERA user accounts, please send an email to [financial@hcai.ca.gov](mailto:financial@hcai.ca.gov).

Sincerely,

A handwritten signature in cursive script that reads "A. Boyd".

Alexandra (Lexie) Boyd  
Long-Term Care Unit Supervisor