

SKILLED NURSING FACILITY ANNUAL CONSOLIDATED FINANCIAL REPORT GUIDE

Any facility licensed as a skilled nursing facility (SNF) must comply with the reporting requirements mandated by the [Health and Safety Code Section 128734.1](#) and the California Code of Regulations Sections 97046 – 97046.6. Specifically, each SNF is required to submit the following documents to HCAI annually, four months after the SNF’s fiscal year-end, beginning with fiscal years ending on or after December 31, 2023. State- and district-operated SNFs are exempt from these requirements.

<p>Annual Consolidated Financial Report</p>	<p>Prepared by an organization that operates, conducts, owns, manages, or maintains a SNF.</p> <p>Prepared in accordance with the Consolidation Topic of the Financial Accounting Standards Board Accounting (FASB) Standards Codification.</p> <p>Includes, but not be limited to, a balance sheet, a statement of income, a statement of changes in equity, a statement of cash flows, a combined financial statement, a Statement of Patient Census, and a Statement of Patient Revenue.</p> <p>Reviewed or audited by a CPA. If audited, submit the Audit Report.</p> <p>HCAI understands that the Statement of Patient Census and Statement of Patient Revenue are not statements standardized by FASB, therefore, these statements will undergo a regulatory audit or review by a CPA to ensure compliance with the <i>Accounting and Reporting Manual for California Long-Term Care Facilities, Second Edition</i>, pursuant to Section 97019 of the California Code of Regulations.</p> <p>The Statement of Patient Census and the Statement of Patient Revenue documents files should be combined with the Consolidated Financial Report into one (1) PDF document.</p> <p>NOTE: If the Organization is not subject to consolidation, no annual consolidated financial report is required for submission. However, the individual financial statements and visual representations of the organizational structure must still be submitted, if applicable.</p>
--	--

<p>Related Parties Individual Financial Statements</p>	<p>The organization must provide the individual financial statements for EACH operating entity, licenseholder, or related party that provides any service, facility, or supply to the SNF, unless the financial information is already included in the consolidated report.</p> <p>These individual financial statements must include, but not be limited to, balance sheets, statements of income, statements of changes in equity, statements of cash flows, and if applicable Statements of Patient Census and Statements of Patient Revenue.</p>
<p>Visual Representations of Organizational Structure</p>	<p>If any related parties, in which the organization has a 5% or more control interest, provide any service, facility, or supply to the SNF, then the organization must provide a visual representation of the organization’s structure that includes those related parties.</p> <p>If any unrelated parties provide services, facilities, or supplies to the SNF, including but not limited to management companies and property companies, and that are paid more than \$200,000 by the SNF, then the organization must provide a visual representation of the organization’s structure that includes those unrelated parties.</p> <p>HCAI does not prescribe the format as long as the relationships between the entities are clearly identified.</p>

The above documents must be submitted using HCAI’s System for Integrated Electronic Reporting and Auditing (SIERA).

Submissions must be accompanied by a signed certification. A recommended blank certification document can be downloaded from SIERA.

All documents must be submitted in a machine-readable, text-based Portable Document Format (PDF) file. Document files cannot be scanned versions or images of paper documents.

All documents should include in its header identifying information such as the organization name and/or facility name and report year. This same information is useful in the document title as well.

SIERA will accept four (4) document types.

- ACFR Annual Consolidated Financial Report
- IFS Individual Financial Statements of related parties
- OS-R Organizational Structure that includes related parties
- OS-U Organizational Structure that includes unrelated parties

Each organization will require all, some, or none of the documents to be submitted. There are two types of submissions: 1) a regular submission includes one or more document type; and 2) a “No Documents to Report” (NDR) submission.

In a regular submission, each missing document type requires an explanation for its exclusion. Explanations should indicate the following:

ACFR – That the reporting organization is not subject to consolidation and the reason for that determination.

IFS – That the operating entity, licenseholder, or any related party did not provide any service, supply, or facility to the SNF.

OS-R – That the reporting organization does not have any related parties that provided any service, supply, or facility to the SNF.

OS-U – That no unrelated parties were paid more than \$200,000 by the SNF.

The NDR type of submission is for those organizations who have determined that none of the reporting elements required by Health & Safety Code 128734.1 apply to them. The NDR submission allows the submitter to certify and explain the reason for which the reporting elements do not apply. The explanation should indicate that 1) the reporting organization is not subject to consolidation and the basis for that determination, 2) no operating entity, licenseholder, or any related party provided any service, supply, or facility to the SNF, 3) the reporting organization has no related parties that provided any service, supply, or facility to the SNF, and 4) that no unrelated parties were paid more than \$200,000 by the SNF.

REPORTING SCENARIOS

Although HCAI cannot anticipate every conceivable situation, here are a few instances for reference:

Example 1 – A corporation that owns one or more SNFs and is subject to consolidation under GAAP, has 5% or more control interest in one or more related parties who transact with the SNF, and has one or more unrelated parties who were paid more the \$200,000 by the SNF.

Example 2 – An owner of an individual facility that has 5% or more control interest in one or more related parties that transact with the SNF.

Example 3 – An owner of an individual facility that does not have 5% or more control interest in any related party but has one or more unrelated parties who were paid more than \$200,000 by the SNF.

Example 4 – An owner of an individual SNF that does not have 5% or more control interest in any related party nor any unrelated parties who were paid more than \$200,000 by the SNF.

Example	ACFR	IFS	OS-R	OS-U
1	✓	✓	✓	✓
2	✗	✓	✓	✗
3	✗	✗	✗	✓
4	✗	✗	✗	✗

As previously stated, for each document type that is not applicable to the organization, a reason must be provided in SIERA and if an organization is not submitting any documents, SIERA will provide a “No Documents to Report” (NDR) option to provide certification and explanation for the reporting of no documents.

Be advised that the requirements of consolidation are upon the organization that operates, conducts, owns, manages, or maintains the SNF, not the facility itself.

HCAI refrains from making any further determinations about which organizations are subject to consolidation. While some scenarios may appear at face value that the organization would or would not be subject to consolidation, HCAI cannot definitively make that determination without full knowledge and analysis of the operations of the entities. For any scenario, the default assumption is that a consolidated report is required. It is the responsibility of the organization to provide a basis for which it is not appropriate to consolidate and submit that explanation under penalty of perjury. Any advice provided by HCAI is not a substitute for professional consultation.

The obligation rests with the organization and/or its consultants to be informed and updated on the Consolidation Topic of the FASB Accounting Standards Codification. Please consult the organization's attorneys, accountants, or other applicable professionals in determining whether the organization is subject to consolidation.

PATIENT CENSUS AND PATIENT REVENUE STATEMENTS

The Statement of Patient Census and the Statement of Patient Revenue must be prepared, reviewed, and filed in compliance with Sections 4020.5 and 4020.6 of the *Accounting and Reporting Manual for California Long-Term Care Facilities, Second Edition* and conform to pages 4.1 and 4.2 of the *Integrated Disclosure and Medi-Cal Cost Report*. The difference is that the data will be consolidated for all entities rather than just an individual facility.

For fiscal years ending 12/31/2023, the payer categories are Medicare, Medi-Cal, Self-Pay, Managed Care, and Other Payers.

For fiscal years ending on or after 1/1/2024 the payer categories are Medicare FFS, Medicare Managed Care, Medi-Cal FFS, Medi-Cal Managed Care, Commercial Coverage FFS, Commercial Coverage Managed Care, Self-Pay, and Other Payers.

[Chapter 4000 of the Accounting and Reporting Manual for Long-Term Care Facilities, Second Edition \(FYE prior to 1/1/2024\)](#)

[Chapter 4000 of the Accounting and Reporting Manual for Long-Term Care Facilities, Second Edition \(FYE on or after 1/1/2024\)](#)

STATEMENT OF PATIENT CENSUS

Section 4020.5: Page 4.1 - Facility Patient Days by Payer

Enter in each column, the number of patient (census) days (including days for bedholds and leaves of absence) by payer and by routine services revenue center.

Count the day of admission, but not the day of discharge. Count as one, each patient admitted and discharged the same day. If a patient moves from one routine services cost center to another, actual patient (census) days for each routine service must be reported. If a patient changes one payer category to another during his or her stay,

report patient (census) days by the primary payer for each day.

[Statement of Patient Census \(FYE 12/31/2023, only\)](#)

[Statement of Patient Census \(FYE on or after 1/1/2024\)](#)

STATEMENT OF PATIENT REVENUE

Section 4020.6: Page 4.2 - Facility Revenue Information (FYE 12/31/23, only)

Gross revenue must be accounted and reported at the facility's full-established rates for the routine and ancillary services provided during the period, regardless of the amounts received or to be received as reimbursement for the services. Do not adjust gross revenues for contractual adjustments, cost report settlements, administrative and charity adjustments, or other deductions from revenue.

Gross routine services and ancillary services revenue must be accounted and reported by payer category, based on the primary payer for the patient receiving the services. For example, if a patient's routine services are reimbursable by Medi-Cal, but their ancillary services are reimbursable by Medicare Part B, both the routine and ancillary services should be recorded as Medi-Cal revenue.

[Statement of Patient Revenue \(FYE 12/31/2023, only\)](#)

[Statement of Patient Revenue \(FYE on or after 1/1/2024\)](#)

RESOURCES

To assist in the submission of these documents, HCAI has the following resources available to view and/or download from our website:

SIERA SNF ACFR QuickStart Guide Series:

- [Getting Started in SIERA](#)
- [How to Add a User](#)
- [Managing Users](#)
- [Starting a New Report](#)
- [Revising a Report](#)

For inquiries related to reporting requirements or assistance with submitting, please contact us via email at financial@hcai.ca.gov or via phone at (916) 326-3240.