

**DEPARTMENT OF HEALTH CARE  
ACCESS AND INFORMATION  
2020 WEST EL CAMINO AVENUE  
SACRAMENTO, CA 95833**

**EXECUTIVE OFFICE**

Elizabeth Landsberg, Director

**INFORMATION SERVICES DIVISION**

Michael Valle, Deputy Director

**ENTERPRISE DATA OPERATIONS BRANCH**

Starla Ledbetter, Chief Data Officer

**ACCOUNTING AND REPORTING SYSTEMS SECTION**

Ty Christensen, Manager  
(916) 326-3856

**HOSPITAL FINANCIAL DATA UNIT**

Kyle Rowert, Supervisor  
(916) 326-3832



Under the requirements of Health and Safety Code, Part 1.8, Health Data and Advisory Council Consolidation Act, the California Department of Health Care Access and Information (HCAI) is responsible for developing and maintaining systems of hospital uniform accounting and reporting. The Act requires all California hospitals, except federal hospitals, to implement and use the department-prescribed hospital uniform accounting system in their books and records on a day-to-day basis.

As provided by the statutes, and implementing regulations, individual hospitals may request (1) modifications to the required accounting and reporting systems and (2) time extensions for filing required reports. In the event they are not satisfied with the decisions, and in accordance with established procedures, they may file appeals.

HCAI will review on an on-going basis, and update as necessary, the accounting and reporting systems set forth in the *Accounting and Reporting Manual for California Hospitals*, Second Edition. We welcome any suggestions which you, the users of those systems, may have to improve them. Please mail your suggestions to the address above.

## **BACKGROUND**

Hospital uniform accounting and reporting began with the passage of the California Hospital Disclosure Act by the California Legislature, Senate Bill 283, and its signing into law by then Governor Ronald Reagan on October 26, 1971. The act created the California Hospital Commission and gave it the mandated broad authority to set standards for hospital uniform accounting and reporting to enable the public, third-party payors, and other interested parties to study and analyze the financial aspects of hospitals in California.

Through regulations adopted by the Commission on March 17, 1973, pursuant to the Hospital Disclosure Act and the development and subsequent adoption of the accounting and reporting manual, hospitals implemented the required accounting system and, data collection began for all fiscal years starting on or after July 1, 1974.

In 1974, legislation was enacted which expanded the Commission's jurisdiction and mandated the development of a uniform accounting and reporting system for long-term care facilities. The Commission was renamed the California Health Facilities Commission to reflect its broadened responsibilities. Pursuant to this legislation and implementing regulations, long-term care facility data collection began for fiscal years starting on or after January 1, 1977.

In 1980, the Commission's legislative mandate was again expanded. Senate Bill 1370 added the following responsibilities: (1) collection of quarterly financial and utilization data to assess the success of the hospital industry's voluntary effort to contain costs, (2) collection of discharge data on hospital patients to provide greater understanding of the characteristics of care rendered by hospitals, and (3) integration of the Commission's

long-term care disclosure report with the Medi-Cal cost report to reduce the reporting burden on health facilities.

During the 1983-84 legislative session, Senate Bill 181 was passed by the California Legislature and signed into law (Chapter 1326, Statutes of 1984) by Governor George Deukmejian. This law, known as the Health Data and Advisory Council Consolidation Act, recognized that the California Health Facilities Commission would sunset on January 1, 1986 and transferred its functions to the Office of Statewide Health Planning and Development on that date.

In 1989, the *Accounting and Reporting Manual for California Hospitals* was updated to make it current with accounting and health care technology in the hospital industry. In order to distinguish the two Manual versions, the revised Manual has been designated as the Second Edition and the previous version has been designated as the First Edition. The Second Edition of the *Accounting and Reporting Manual for California Hospitals* must be implemented by all hospitals for fiscal years beginning on or after January 1, 1992. The First Edition of the *Accounting and Reporting Manual for California Hospitals* will remain in effect for fiscal years beginning prior to January 1, 1992.

With Governor Gavin Newsom signing the 2021-22 budget and trailer bills, the Office of Statewide Health Planning and Development became the Department of Health Care Access and Information.

## **AUTHORITY**

Authority for collection and publication of hospital data by HCAI is defined in Sections 128735 and 128740 of the Health and Safety Code. The publication of *Accounting and Reporting Manual for California Hospitals*, Second Edition is authorized by the California Code of Regulations, Title 22, Section 97018.

## **MANUAL ARRANGEMENT**

The *Accounting and Reporting Manual for California Hospitals*, Second Edition has been divided into chapters, sections, and subsections. The chapter title is noted at the top of each page, and each chapter has been assigned a number in the thousands. For example, the System of Accounts chapter has been numbered 2000. Each section within that chapter has been assigned a number within the 2000 series. Subsections have been assigned decimal numbers following the section number to which they relate.

A Table of Contents precedes and details the contents of each chapter. The page numbers are arranged according to the section that is on that page. For example, in Section 2420.1, Daily Hospital Services Expense, the pages are numbered 2420.1 (Cont. X). The notation, Cont. X, indicates that this is a continued page of Section 2420.1.

## REVISION RECORD

After the Transmittal Letter revised material has been inserted into the *Accounting and Reporting Manual for California Hospitals*, Second Edition, the person inserting the material should enter the date of the transmittal letter and initial on the appropriate lines.

<u>Revision Number</u>	<u>Revision Date</u>	<u>Revision Initials</u>	<u>Number</u>	<u>Date</u>	<u>Initials</u>
1	<u>7/92</u>	<u>JRB</u>	19	_____	_____
2	<u>10/93</u>	<u>JRB</u>	20	_____	_____
3	<u>10/94</u>	<u>JRB</u>	21	_____	_____
4	<u>4/95</u>	<u>JRB</u>	22	_____	_____
5	<u>10/95</u>	<u>JRB</u>	23	_____	_____
6	<u>11/95</u>	<u>JRB</u>	24	_____	_____
7	<u>12/96</u>	<u>JRB</u>	25	_____	_____
8	<u>10/98</u>	<u>JRB</u>	26	_____	_____
9	<u>4/00</u>	<u>KJK</u>	27	_____	_____
10	<u>7/03</u>	<u>KJK</u>	28	_____	_____
11	<u>3/09</u>	<u>KJK</u>	29	_____	_____
12	<u>10/19</u>	<u>TNC</u>	30	_____	_____
13	<u>6/21</u>	<u>TNC</u>	31	_____	_____
14	_____	_____	32	_____	_____
15	_____	_____	33	_____	_____
16	_____	_____	34	_____	_____
17	_____	_____	35	_____	_____
18	_____	_____	36	_____	_____