

**OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

HEALTHCARE INFORMATION DIVISION

ACCOUNTING AND REPORTING SYSTEMS SECTION

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December 1996

To: Hospital Chief Financial Officers  
and Other Interested Parties

**Re: Hospital Technical Letter No. 1**

This is the first in a series of technical letters developed by the Office regarding our uniform accounting and reporting system requirements for California hospitals. The purpose of these letters will be to provide timely information to assist you in meeting these requirements.

**QUARTERLY REPORTING FOR 1997**

The Quarterly Financial and Utilization Report will include one minor change for calendar year 1997. Specifically, hospitals will now be required to report Capitation Premium Revenue separately, instead of netting this amount against Other Third Parties Contractual Adjustments. Net Patient Revenue for the Other Third Parties payor category should be unaffected. Report the new data field as a negative number (credit balance) in the Deductions from Revenue section.

As a result of this reporting change, the Office is revising its Hospital Quarterly Reporting System (HQRS) software. Our plan is to have the revised software available for downloading from our Bulletin Board System (BBS) to your PC by March 31, 1997. Upon request, copies will also be provided on PC diskette. The revised HQRS software will be released as version 1.4. Stay tuned for future notices as we approach the software release date. The reporting periods and due dates for 1997 Quarterly Financial and Utilization Reports are:

<b><u>Quarter</u></b>	<b><u>From</u></b>	<b><u>To</u></b>	<b><u>Due Date</u></b>
1st Quarter	January 1, 1997	March 31, 1997	May 15, 1997
2nd Quarter	April 1, 1997	June 30, 1997	August 14, 1997
3rd Quarter	July 1, 1997	September 30, 1997	November 14, 1997
4th Quarter	October 1, 1997	December 31, 1997	February 14, 1998

**UPCOMING CHANGES TO HOSPITAL ANNUAL DISCLOSURE REPORT**

The Hospital Annual Disclosure Report for report periods ending on and after June 30, 1997 will also include some minor changes. You should receive Transmittal Letter No. 7, an update to your *Accounting and Reporting Manual for California Hospitals*, in December to officially transmit these changes. The Office of Administrative Law approved the changes in November. A summary of these changes follows:

**Report Page 0, General Information and Certification** - We added two questions to determine if the report was prepared after the completion of the hospital's independent financial audit, and if the audit adjustments have been reflected in the reported data. These questions were added to address the concerns of some data users regarding data reliability and comparability with the hospital's audited financial statements.

**Report Page 2, Services Inventory** - We added Transitional Inpatient Care (Acute Beds) and Transitional Inpatient Care (SNF Beds) as available services. TIC revenue/cost center sub-accounts were added; however, as sub-accounts, they are not required to be reported. The sub-accounts were added to reflect this new type of service established by W & I Code Section 14132.22, which became effective January 1, 1996.

**Report Page 4.2, Ambulatory, Ancillary, and Other Utilization Statistics** - We changed the standard unit of measure for Physical Therapy and Occupational Therapy from the number of treatments to the number of 30-minute, billable sessions.

## UPCOMING CHANGES TO HOSPITAL ANNUAL DISCLOSURE REPORT (Con't)

Report Page 4.2 (con't) Several hospitals had indicated that the current standard unit of measure was vague and not being tracked consistently by hospitals.

Report Page 8, Income Statement, and Report Page 12, Supplemental Patient Revenue Information - We added Capitation Premium Revenue as a separate reportable item in the Deductions from Revenue section to be consistent with the new Healthcare Audit Guide. The amount will be reported as a negative number (credit balance), instead of being credited against Contractual Adjustments.

Report Page 14, Supplemental Other Operating Revenue Information - We added a line for the separate reporting of Re-insurance Recoveries to be consistent with the new Healthcare Audit Guide. These amounts were previously credited against Contractual Adjustments - HMO/PPO and Other Contracts.

## ELECTRONIC REPORTING REQUIREMENTS

This is a reminder that all hospitals are required to comply with the Office's electronic reporting requirements, as specified in Section 97041 of the California Code of Regulations. A summary of these requirements follows:

### Hospital Annual Disclosure Report

For report periods ended June 30, 1996 through June 29, 1997, you are required to prepare your Hospital Annual Disclosure Report using the latest Office-approved vendor software (Version 22A). You may either transmit your completed report by modem to the Office's Bulletin Board System (BBS), or submit your completed report on PC diskette. In January 1996, the Office announced the availability of free software (BBSUPLD, Version 1.0), which allows you to transmit your report electronically. Instructions for obtaining copies of the complimentary BBS upload software are available by calling Patricia Burritt at (916) 323-0875. Requests to submit the Office's standard report form in lieu of electronic reporting must be made in writing and will only be approved if properly justified. The following vendors are approved to distribute software for completing your Hospital Annual Disclosure Report:

<u>Vendor</u>	<u>Contact Person</u>	<u>Phone Number</u>
Health Financial Systems	Charles Briggs	(916) 686-8152
Hospital Management Services	Lanny Hawkinson	(714) 992-1525
KPMG Peat Marwick	Noreen Benton	(818) 592-4047

### Quarterly Financial and Utilization Report

For calendar quarters ended on or before December 31, 1996, you are required to use the Office-provided HQRS software (Version 1.3) to transmit your completed report by modem to our BBS. For calendar quarters ended on and after March 31, 1997, you must use HQRS Version 1.4 to prepare and transmit quarterly reports. The revised software will be available for downloading from our BBS to your PC by March 31, 1997. Additional notices and downloading instructions will be provided as the release date gets closer. Requests to submit the HQRS-produced Facsimile Report or the Office's standard report form in lieu of electronic reporting must be made in writing and will only be approved if properly justified.

Keep in mind that failure of the hospital's modem to successfully transmit your report to the Office's BBS will not automatically extend the report due date. If you encounter HQRS software installation or data transmission problems, please consult the HQRS User's Guide or your hospital's technical support staff. If you are still unable to resolve these problems, you may call the Office's Information Systems Technical Support Unit at (916) 323-4811.

If you have any questions, please call Kenny Kwong at (916) 323-7681, or me at (916) 323-7676.

Sincerely,

Jay R. Benson  
Manager