2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

March 2025

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

Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 10

This is the 10th 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 as well as additional reporting requirements.

This Summer, HCAI will be moving it's Sacramento headquarters to the May Lee State Office Complex located at 651 Bannon Street, Suite 700, Sacramento, CA 95811.

New Payer Categories

HCAI has revised the Manual to expand the payer categories to include payer-specific Managed Care categories. These updates can be found in Sections 2230 and 3230 of the Manual which can be found on HCAI's website via the following link https://hcai.ca.gov/data/submit-data/financial-reporting/.

The update expanded the number of payer categories from five to eight including:

Medicare FFS*
Medicare Managed Care**
Medi-Cal FFS
Medi-Cal Managed Care
Commercial Coverage FFS
Commercial Coverage Managed Care
Self-Pay
Other Payers

* FFS refers to Fee-for-Service which is a coverage program in which beneficiaries can see any provider who accepts coverage, and providers are reimbursed for each individual service or visit.

** Managed Care refers to a coverage plan where providers contract with health plans and insurers to deliver benefits in exchange for a monthly fee.

The first Long-Term Care Integrated Disclosure & Medi-Cal Cost Reports required to reflect the new reporting requirements were for report period ending on or after January 1, 2024. For each payer category, LTC facilities are required to report patient days by routine services revenue center (report page 4.1), and gross inpatient and outpatient revenue by revenue center and by related deductions from revenue (report page 4.2). Sections 2230 and 3230 of the Manual includes descriptions of the sub-classifications for patient service revenue accounts, deductions from revenue, and payer categories.

Tips for Reporting:

Health benefits through Medicare Advantage, or Medicare Part C, should be reported as Medicare – Managed Care.

Dually eligible patients' ("Medi-Medi") charges should be recorded in the payer category that covered the majority of the patient's care.

Commercial Coverage: If the patient is billed directly for each individual service, the charges should be reported as Fee-for-Service; however, if the patient is billed through health insurance where they pay a monthly fee, they should be reported as Managed Care.

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.

SB 650 – Skilled Nursing Facilities Consolidated Reporting

Senate Bill 650 (Stern, Chapter 493) was signed into law in October 2021. Per Section 128734.1 of the Health and Safety Code, each organization that operates, conducts, owns, manages, or maintains a skilled nursing facility (SNF) must file certain documents with HCAI on an annual basis. State and District operated SNFs are exempt from the requirements of SB 650.

By law, the documents must be provided annually starting with fiscal years ending December 31, 2023. These documents must be certified by a duly authorized official and are due four months after the end of the SNF's fiscal year. Each SNF will submit the certification and documents through SIERA.

HCAI has created a SNF Annual Consolidated Financial Report (ACFR) Guide and a 5-part Quick Start Guide to assist you with these requirements. All documents can be found on HCAI's website via this link https://hcai.ca.gov/data/submit-data/financial-reporting/snf-acfr/.

These new reporting requirements are separate from the reporting requirements of the annual Long-Term Care Integrated Disclosure and Medi-Cal Cost Report. If you are uncertain as to whether your facility is subject to consolidation, please consult with your Certified Public Accountant (CPA) for guidance. HCAI cannot make such determinations.

Hints to improve accuracy in reporting:

-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.

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

-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.).

-Any time a document is added or replaced, a new, signed certification must also be submitted. We understand this can be time consuming, so HCAI is reviewing alternative solutions.

-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.

AB 1953 Reporting

Profit and Loss Statements

Per Assembly Bill 1953 (September 2018), each facility that received goods, fees, and services collectively worth $10,000 or more per year from a related party must provide a .pdf copy of the related party's profit and loss statement as part of the LTC Integrated Disclosure and Medi-Cal Cost Report. No Profit & Loss Statement is required if a related party's individual collective transactions with the facility are less than $10,000. Failure to submit these documents as a part of the original submission may result in the report being returned as incomplete and the facility may incur fees of $100/day.

Page 12.3 – Payroll-Based Journal Public Use Data (PBJ)

Each facility that received goods, fees, and services collectively worth $10,000 or more per year from a related party must provide the PBJ of the previous quarter (last quarter of the current reporting period) for the facility's direct caregivers. See instructions in

Manual Section 4020.17.1. Do not complete the PBJ if no related party has a collective total of $10,000 in transactions with the facility.

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 48th year Long-term Care Annual Disclosure and Medi-Cal Cost Report annual disclosure report cycle, which includes reporting periods ended January 1, 2024, through December 31, 2024, include updated payer categories. Revised 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 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. Only Pages 1-9 are required for this facility type.

The vendors listed below have been approved to distribute ADR reporting software (Version 48A):

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.bloyd@hcai.ca.gov. For questions regarding extensions or SIERA user accounts, please send an email to financial@hcai.ca.gov.

Sincerely,

Alexandra (Lexie) Bloyd
Long-Term Care Unit Supervisor