

**OSHPD** Office of Statewide Health Planning and Development**Information Services Division**

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**NEW REPORTING REQUIREMENTS INCLUDED**

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

**Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 4**

This is the 4th in a series of Long-term Care Facility Tips and Reporting Reminders developed by the Office of Statewide Health Planning and Development (OSHPD or Office) regarding our uniform accounting and reporting system requirements for California long-term care facilities as well as our System for Electronic Reporting and Auditing (SIERA). 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).

**Assembly Bill (AB) 1953**

In September 2018, AB 1953 was enacted into law. This bill added Section 128734 to the Health and Safety Code which requires certain disclosures to the Office and the Department of Public Health (CDPH) regarding related party transactions at skilled nursing facilities. Specifically, the bill states that "...effective January 1, 2020, this bill would require an organization that operates, conducts, owns, or maintains a **skilled nursing facility** to additionally report to the Office whether the licensee, or a general partner, director, or officer of the licensee, has an ownership control interest of 5% or more in a related party, as defined, that provides any service to the skilled nursing facility. The bill would specifically require the licensee under those circumstances to disclose all services provided to the skilled nursing facility, the number of individuals who provided that service at the skilled nursing facility, and any other information requested by the Office. If goods, fees and services collectively worth \$10,000 or more per year are to be delivered to the skilled nursing facility, the bill would require the disclosure to include the related party's profit and loss statement and the Payroll-Based Journal (PBJ) public use data of the previous quarter for the skilled nursing facility's direct caregivers."

## California State Auditor's Report on Skilled Nursing Facilities

In addition to the changes required by AB 1953, the California State Auditor's (CSA) May 2018 Report included three recommendations to "ensure that the Office provides the public with nursing facility information that is accurate and comprehensible". Of these recommendations, two are actionable by the Office. These are:

1. "Append additional schedules to the template for the annual cost report to enable nursing facilities to fully disclose related-party transactions."
2. "Provide a single location in the annual cost report template for nursing facilities to enter related-party transactions next to the amounts they are claiming for Medi-Cal reimbursement."

In order to implement these requirements and recommendations, the Office has submitted a rulemaking package to the Office of Administrative Law that will incorporate all revisions necessary for the annual Long-Term Care Facility Integrated Disclosure and Medi-Cal Cost Report to be in compliance with the new HSC Section 128734 and the audit recommendations. Although these regulations are pending approval, we want to make you aware of the reporting ramifications that will be involved once the rulemaking package is approved (we anticipate April 2020).

The additional requirements will be in effect for report periods ending on or after January 1, 2020. The Manual and third-party software will be revised with instructions and specifications for the changes and new requirements. This information will be available at <https://oshpd.ca.gov/data-and-reports/submit-data/financial-reporting/>

Specifically:

1. Related party reporting requirements have been moved from Pages 3.1, 3.2 & 3.3 to Page 10.4.
2. Page 12.3 has been added to integrate data from the facility's PBJ public use data, if required. OSHPD has developed a user interface in the SIERA system that can, if the facility chooses, pre-populate this page directly from the Centers for Medicare and Medicaid Services' (CMS) PBJ public use file database by entering the facility's Medicare provider number.
3. Certain skilled nursing facilities will be required to submit the profit and loss statement for related parties that they transacted with during the report period. OSHPD has developed a user interface in the SIERA system that will allow a facility to upload this document and attach it to an individual facility or to multiple facilities during the submission process.

The complete text of the regulation changes can be found at <https://oshpd.ca.gov/about/laws-regulations/>.

## **HINTS TO IMPROVE ACCURACY IN REPORTING**

### Facilities Licensed as a Hospice

Until the Office adds a “Hospice” license category to the Long-Term Care Integrated Disclosure & Medi-Cal Cost Report, the license category for these facilities should be “Congregate Living Health Facility” on Page 2.1, Column 1, Line 5.

### Managed Care

As a reminder, Section 3230 of the Manual defines Managed Care as “Patients who belong to groups (HMOs, PPOs, or others) that have a contractual relationship with the facility. Managed Care includes patients enrolled in managed care plans funded by Medicare, Medi-Cal or other government programs, as well as patients enrolled in commercial managed care programs.” In the near future, the Office expects to revise our reporting forms and instructions to add a Medi-Cal Managed Care payor category.

## **UPDATED/NEW DATA PRODUCTS**

The Long-Term Care annual financial complete dataset and accompanying documentation is now 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 OSHPD’s website.

## **ANNUAL FINANCIAL DISCLOSURE REPORTING in 2019/2020**

If a facility has a report period end date of December 31, 2019, the 43<sup>rd</sup> year version of the reporting software must be utilized. The reporting requirements for the 44th year Long-term Care Annual Disclosure and Medi-Cal Cost Report (ADR) cycle, which includes reporting periods ended January 1, 2020 through December 31, 2020, have been changed to implement the new HSC Section 128734 and CSA audit recommendations.

These reports are due 4 (four) months after the end of the health facility’s fiscal year. In addition, the law allows up to 90-days of extension. 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) 326-3899 or [siera@oshpd.ca.gov](mailto:siera@oshpd.ca.gov) for assistance.

All vendors listed below have been approved to distribute ADR reporting software (Version 43A):

**Health Financial Systems**

Becky Dolin  
(888) 216-6041  
becky.dolan@hfssoft.com

**\*CDL Data Solutions, Inc.**

Lanny Hawkinson  
(714) 525-1907  
Lanny.hawkinson@gmail.com

**KPMG**

Joseph Quinn  
(800) 243-7507-ex2  
jwquinn@kpmg.com

\*The 43<sup>rd</sup> reporting cycle will be the final cycle for CDL Data Solutions, Inc.

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If you have any accounting or reporting questions, please contact me at (916) 326-3833 or [lexie.boyd@oshpd.ca.gov](mailto:lexie.boyd@oshpd.ca.gov). For questions regarding extensions or SIERA user accounts, please contact Tina Tran at [tina.tran@oshpd.ca.gov](mailto:tina.tran@oshpd.ca.gov).

Sincerely,

Alexandra (Lexie) Boyd  
Long-term Care Unit Supervisor