

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

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March 2021

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

Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 5

This is the 5th 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).

Reminder: New Reporting Requirements for Certain SNFs

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.

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.**”

The additional requirements will be in effect for report periods ending on or after January 1, 2020. Disclosures regarding related parties must be reported on Page 10.4. In addition, skilled nursing facilities meeting the criteria above, must include the following with their annual submission:

1. **The PBJ public use data of the previous quarter** for the skilled nursing facility's direct caregivers. Page 12.3 has been added to integrate this data into the annual report. 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.
2. **The profit and loss statement for related parties** that they transacted with during the report period resulting in goods and/or services totaling \$10,000 or more. This document must be uploaded and submitted separately but at the same time as the annual report. 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 Manual and third-party software have been revised with instructions and specifications for the changes and new requirements. This information is available at <https://oshpd.ca.gov/data-and-reports/submit-data/financial-reporting/>.

HINTS TO IMPROVE ACCURACY IN REPORTING

CARES Act Provider Relief Fund

Provider Relief Fund distributions, including General Distributions (\$30 Billion and \$20 Billion) and Targeted Distributions (High Impact, Rural Health, SNF, and Safety Net Providers) provide funding to prevent, prepare for, and respond to coronavirus, and that payment shall reimburse the recipient only for health care related expenses or lost revenues that are attributable to coronavirus. Consistent with CMS cost reporting guidance, the aggregate payments from these funds should be recorded as Other Operating Revenue to distinguish them from payments for health care services.

CARES Act revenue must be reported as Other Operating Revenue on Page 10.2 and offset against the using cost center on Page 4.2, Column 11.

Uninsured Relief Fund Payments

These payments are for providing items and services to uninsured patients for care or treatment of COVID-19 and/or its complications. Accounting and reporting requirements are that facilities record the revenue and deductions from revenue in the Other Payer category. Facilities should record charges at full established rates for testing and testing related items and services by functional revenue account. The difference between the amount received by the facility and the full established rates must be recorded as contractual adjustments.

State License Number

When completing this field on the LTC Integrated Disclosure and Medi-Cal Cost Report, be sure to use the 9-digit number issued on the facility's license, NOT the OSHPD ID, which is also 9-digits beginning with '206'.

Managed Care

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.

Inservice Education Salaries and Hours

Section 1142 of the Manual states that "Nursing Inservice education activities are defined as educational activities conducted within the facility for facility nursing personnel. The cost of time spent by nursing personnel as students in such classes and activities must remain classified in the cost center in which their normal salary and wage costs are charged (i.e., the cost center in which they work). However, the cost (defined as salary, wages, and payroll-related employee benefits) of time spent in such classes and activities by those instructing and administering the programs must be included in cost center 6800, Inservice Education – Nursing". Further, "The costs of nursing inservice education supplies (books, medical supplies, etc.) and outside lecturers must be reflected in the Inservice Education – Nursing cost center".

For more information on this topic, see Sections 1142 and 1143 of the Manual.

IV Therapy

Revenue and Expenses for IV Therapy should be reported either as Patient Supplies, Pharmacy or Routine Care. If these revenues are separate charges for IV solutions and/or supplies, then the revenues and related expenses should be reported under Patient Supplies. Additives should be reported under Pharmacy. If the revenues are charges for administering IV's by nursing staff, then the revenues and expenses should be reported under Routine Nursing Care.

Equipment / Bed Rental

Specialized Support Surfaces (Account 8150) includes the cost for air-fluidized beds and low air loss mattresses, ONLY.

If the facility leases or rents these beds or mattresses, the cost to be reported in this account is the lease or rental expense. If the facility owns these beds or mattresses,

the cost to be reported is the depreciation expense. No other costs related to providing or securing these items are to be recorded in this cost center.

Revenue for bed rentals and other rented equipment must be recorded in Patient Supplies, while the corresponding expense must be reported as either Leases and Rentals or Depreciation (depending of whether the equipment is owned or rented/leased by the facility).

Final Audit Letter: this letter is intended to provide guidance for future reporting.

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 43rd 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.

These reports are due 4 (four) months after the end of the health facility's fiscal year. **Due to the pandemic, the Governor has extended the due date by 90-days. This extension will remain in effect until the emergency status is lifted or until it is recinded by the Governor.** 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 for assistance.

The vendor listed below has been approved to distribute ADR reporting software (Version 44A):

Health Financial Systems

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

Long-Term Care Reporting Technical Issues and Reporting
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If you have any accounting or reporting questions, please contact me at (916) 326-3833 or lexie.bloyd@oshpd.ca.gov. For questions regarding extensions or SIERA user accounts, please contact Tina Tran at tina.tran@oshpd.ca.gov.

Sincerely,

A. Bloyd

Alexandra (Lexie) Bloyd
Long-term Care Unit Supervisor