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hcai.ca.gov



March 2022

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

Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 6

This is the 6th 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 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) when preparing and submitting the annual Long-Term Care Integrated Disclosure and Medi-Cal Cost Report.

The Office of Statewide Health Planning and Development (OSHPD) is now HCAI. The link below provides detailed information regarding our transformation and showcases some of the new responsibilities that have been bestowed on HCAI.

[HCAI New Name and Program Portfolio Expansion Announcement](#)

Reporting Requirements for Certain Skilled Nursing Facilities (SNFs) – Related Party Profit and Loss Statements

Per AB 1953 (September 2018), if a SNF transacted with related parties resulting in goods and/or services greater than ten-thousand dollars (\$10,000) during the reporting period, then the facility is required to submit Profit and Loss statements for those related parties and the facility's Payroll-Based Journal Public Use File from the previous quarter for the SNF's direct caregivers. Detailed instructions can be found in Section 4020.3.1 and 4020.3.2 of the Manual. The submission of Related Party Profit and Loss statements is not optional. Health and Safety Code Section 128734, in light of Section 128765 mandates that we publish these documents.

Page 10.4 is no longer for Medi-Cal Providers only. Any SNF that had transactions with related parties that were reported on Page 10.1 must also disclose that information on Page 10.4, Columns 1-8. If that transaction is also a Medi-Cal adjustment, Columns

9-11 must be completed. Non-related party Medi-Cal adjustments should be reported on Page 10.3.

Detailed information regarding the new requirements was issued in the 5th Technical Issues and Reporting Requirements letter in March 2021. If you need a copy of this letter, please email financial@hcai.ca.gov.

If the facility had related party transactions with the parent organization or management company, the name and address of the related party must be disclosed on Page 10.4, Lines 1-20 even if it is already disclosed on Page 3.1, 3.2, respectfully.

COVID-Related Reporting:

Loans under the Payroll Protection Program (PPP)

Since this is a loan, record as a credit to Other non-current liabilities. If the debt is later forgiven, it should be closed by recording a debit to extinguishment of debt in Other non-current liabilities and a credit to Other Non-operating Revenue.

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.

Contribution revenue would be recognized only to the extent that health care-related expenses or lost revenues have been incurred. This revenue must be reported as Other Operating Revenue on Page 10.2 and also on Page 10.1, Column 11 for the using cost center (per Section 4020.2 of the Manual). To the extent that a Provider Relief Fund payment represents compensation for lost revenues (and, thus, there are no "related expenses" against which it would be offset), it would be presented as grant income.

Payment amounts received that exceed recognizable contribution revenue (for example, because entitlement is conditioned on health care-related expenses or lost revenues that are expected to be incurred in the subsequent accounting period) are reported as a liability, credit Other Current Liabilities and debit Cash. As the funds are utilized, debit Other Current Liabilities and credit Other Operating Revenue.

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.

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, HCAI plans to implement regulations that will revise our reporting forms and instructions to add a Medi-Cal Managed Care payer category.

Facility Owners

Names of owners having a 5% or more equity interest, as reported on Page 3.1, Line 90 should be disclosed in accordance with Section 4020.20 of the Manual. Specifically, “Enter in item E the names of the owners of the facility having a 5% or more equity interest. Owner is as defined in 42 CFR 455.101 and 455.102. This item must be completed by all facilities. In addition, include the names of individuals or organizations which hold, in conjunction with any equity interest, 5% or more interest in any mortgage, deed of trust, note, or other obligation secured by the disclosing entity if that interest equals at least 5% of the value of the assets of the disclosing entity. If an owner received compensation from the facility during the current reporting period, see the instructions for Page 10.4 and complete “Salary Information for Owners/Operators, Related Parties, Administrators, Assistant Administrators, and Board Members”, as required.”

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 2022

The reporting requirements for the 45th year Long-term Care Annual Disclosure and Medi-Cal Cost Report annual disclosure report cycle, which includes reporting periods ended January 1, 2021, through December 31, 2021.

Governor Newsom's emergency 90-day due date extension has expired. Reports are due 4 months after the facility's fiscal year end. There are 90-days of extension that may be requested via SIERA (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) 326-3899 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 46A):

Health Financial Systems

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

Compu-Max

Jim David
(213) 433-3921
jamesdavid@hfssoft.com

Long-Term Care Reporting Technical Issues and Reporting Reminders
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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 contact Tina Tran at tina.tran@hcai.ca.gov.

Sincerely,

A. Bloyd

Lexie Bloyd
Long-term Care Unit Supervisor