



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



June 2024

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

Re: Long-term Care Facility Technical Issues and Reporting Reminders No. 9

This is the 9th 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.

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 with HCAI the documents below. State and District operated SNFs are exempt from the requirements of SB 650.

- Annual consolidated financial report, which is comprised of basic financial statements of a consolidated group of entities that include a parent and all its subsidiaries. The consolidated report will also include combined financial statements of those same entities as well as a “Statement of Patient Census” and a “Statement of Patient Revenue”. The consolidated report must be reviewed by a certified public accountant (CPA), unless already audited.
- Individual basic financial statements from each related entity in which the organization has an ownership or control interest of 5% or more and that provides any service, facility, or supply to the SNF.
- A visual representation of the organization’s structure that includes related entities in which the organization has an ownership or control interest of 5% or more and that provides any service, facility, or supply to the SNF.
- A visual representation of the organization’s structure that includes unrelated entities that provide services, facilities, or supplies to the SNF or facilities that are

operated, conducted, owned, managed, or maintained by the organization and that are paid more than \$200,000 by the SNF.

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 will be due four months after the end of the SNF's fiscal year. Each SNF will submit the certification and documents through SIERA.

HCAI has create a SNF 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/>.

Regulations for program implementation can be found on HCAI's website via the following link <https://hcai.ca.gov/about/laws-regulations/>.

No Documents to Report

If the facility has determined that there are no documents to report for one or all of these requirements, the report preparer must still login to SIERA, select "No Documents to Report" and provide a substantial explanation. An explanation such as "we are not required to provide this document" will not suffice; rather, "we are a non-profit entity that is not subject to consolidation, no operating entity, license holder or related party transacted with the facility, and we do not have any unrelated transactions greater than \$200K" would be acceptable.

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 for guidance. HCAI cannot make such determinations.

Updated 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 found on HCAI's website via the following link <https://hcai.ca.gov/data/submit-data/financial-reporting/>.

Although it is specified in the Manual, facilities often report managed care incorrectly (i.e. reporting in the Medicare payer category when it should be in the Managed Care category). To increase transparency and accuracy in reporting, HCAI has updated our system of accounts. The update expanded the number of payer categories from five to eight including:

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

The first Long-Term Care Integrated Disclosure & Medi-Cal Cost Reports required to reflect the new reporting requirements will be for the report period ending on or after January 1, 2024. For each payer category, LTC facilities will be 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.

AB 1953 - Related Party Reporting

AB 1953 requires an organization that operates, conducts, owns, or maintains a SNF to report 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 SNF. Following are guidelines to assist with reporting accuracy.

Page 10.4 (1) – Related Party Information

Lines 1-20 of this page must be completed with the name and full address of each related party, as defined in Section 4020.3.1 of the Manual, including the parent organization or management company, even if it is already disclosed on Pages 3.1 or 3.2.

Page 10.4 (2) – Adjustments to Trial Balance Expenses and Related Party Transactions

Lines 30-83 of this page must be completed for all skilled nursing facilities that had costs included in the Statement of Income for the current reporting period which are a result of transactions with related persons or organizations, as defined in Section 4020.3.1 of the Manual, including the parent organization or management company.

All Columns are required fields and must be completed. Columns 9-11 are for Medi-Cal Providers, only.

Report only related party transactions and the corresponding Medi-Cal Adjustments on this page. Non-related party Medi-Cal adjustments must be reported on Page 10.3.

Page 10.4 (3) – Salary Information for Owners/Operators, Related Parties, Administrators, Assistant Administrators, and Board Members

Lines 110-154 must be completed with the names of facility owners, operators, relatives, related parties, Administrators, Assistant Administrators, and Board Members receiving compensation from the facility.

If an individual is listed in Column 1, Columns 2, 3, or 4 must be completed with the amount of compensation that was received from the facility.

Column 5, description of goods/services provided to the facility, is required only for Sections I and II (Lines 110-131).

Column 6, total hours worked per week, is not required for Board Members (Section V, Lines 150-154).

Profit and Loss Statements

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

Extraordinary Items

FASB Accounting Standards Update No. 2015-01 eliminated the reporting of extraordinary items. Please do not report any extraordinary items on the annual report on Page 8, Lines 235 and 240. Any items that used to be considered extraordinary should be reported as Other Non-operating Revenue or Expense on Page 8, Line 210.

Operating Leases

FASB Accounting Standards Update 2016-02 (ASC Topic 842, Leases) requires lessees to record assets and liabilities for operating leases longer than one year. A credit to the liability account representing the amount owed under the lease agreement and a corresponding debit to the right-of-use (ROU) asset account must be recorded. Under the new standard, expenses for operating leases are recognized over the term of the lease based on a straight-line method approach. For leases shorter than one year, lessees can elect not to record lease liabilities and ROU assets and instead recognize the expense associated with the lease payments using a straight-line basis.

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 47th year Long-term Care Annual Disclosure and Medi-Cal Cost Report annual disclosure report cycle, which includes reporting periods ended January 1, 2023, through December 31, 2023, are the same as the 46th year requirements. New payer categories will be effective for the 48th reporting year, which includes reporting periods ending between January 1, 2024, and December 31, 2024.

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) 326-3899 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 47A):

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

Sincerely,

A. Boyd

Alexandra (Lexie) Boyd
Long-Term Care Unit Supervisor