

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

HEALTHCARE INFORMATION DIVISION

ACCOUNTING AND REPORTING SYSTEMS SECTION

818 K Street, Room 400

Sacramento, California 95814

(916) 323-7685 FAX (916) 323-7675



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To: Hospital Chief Financial Officers
and Other Interested Parties

Re: Hospital Technical Letter No. 5

This is the fifth in a series of Hospital Technical Letters developed by the Office regarding our uniform accounting and reporting system requirements for California hospitals. The purpose of these letters is to provide timely information to assist you in meeting these requirements.

UPDATE ON PROPOSED CHANGES TO ACCOUNTING AND REPORTING SYSTEMS

On September 22, 1998, the Office of Administrative Law approved our proposed changes to the *Accounting and Reporting Manual for California Hospitals* (Manual). The highlight of the proposed changes is the establishment of new payer categories to account and report the activities associated with patients enrolled in managed care health plans. The new payer categories include Medicare - Managed Care, Medi-Cal - Managed Care, County Indigent Programs - Managed Care, and Other Third Parties - Managed Care.

Hospital Transmittal Letter No. 8 to update the Manual will be issued in October 1998, specifying that the accounting system changes must be implemented effective with hospital fiscal years beginning on or after July 1, 1999.

Implementation of the accounting system changes prior to July 1, 1999 is permitted as long as the current reporting requirements are followed. The initial Hospital Annual Disclosure Reports to reflect the new reporting requirements will be for the report period ending June 30, 2000. The initial revised Quarterly Financial and Utilization Report will cover the calendar quarter ending March 31, 2000.

Other important changes to the accounting and reporting systems include: 1) the establishment of an Other Indigent payer category to separately account and report those indigent patients not the responsibility of a county Section 17000 obligation and thus not being recorded in the County Indigent Programs payer category; 2) the elimination of the revenue account for purchased inpatient services and the establishment of an expense account for purchased outpatient services; 3) the revision of Report Pages 4.1, 4.2, 8, and 12 of the Hospital Annual Disclosure Report to accommodate the new payer categories; and 4) the revision of the Quarterly Report to collect data associated with the new payer categories.

Additionally, each hospital will be required to have access to a PC running under a Windows 95 or later, or Windows NT operating system, in order to use a Windows-based version of the Hospital Quarterly Reporting System (HQRS) software. The revised HQRS software will be developed for preparing and submitting the expanded Quarterly Report.

YEAR 2000 (Y2K) COMPLIANCE ISSUES

We have received several calls lately from hospital officials regarding Year 2000 (Y2K) compliance with respect to the Office-provided HQRS software. The Office intends to revise its HQRS software for calendar quarters ending on and after March 31, 1999, to run under a Windows 95 or later, or Windows NT operating system. The revised HQRS software will allow you to submit Quarterly Reports in calendar year.

As you know, the software for preparing Hospital Annual Disclosure Reports is distributed by third-party vendors. We have already notified the vendors that their software for the 1999-2000 disclosure cycle (report periods ending June 30, 1999 through June 29, 2000) must be Y2K compliant. We intend to conduct extensive testing next year before we approve the vendor's software.

If you have any other questions regarding Y2K compliance, please call Wally Payne of the Office's Information Systems Section at (916) 323-1296.

WHAT'S NEW ON THE OSHPD WEB-SITE?

The Office's web-site (www.oshpd.ca.gov) continues to grow as a source of healthcare data and information related to hospitals in California. In the area of Healthcare Data Downloads, we recently added a file which contains 225 selected data items derived from 567 Hospital Annual Disclosure Reports submitted to the Office with a report period ending in calendar year 1997. The data file is available in a comma-separated value text (TXT) format for MS Excel and database applications, and in a Lotus (WK3) format for Lotus 1-2-3 and Quatro Pro applications. Both files are compressed in a ZIP file for faster downloading.

Also available for download is a data file which contains 66 data items from Quarterly Financial and Utilization Reports submitted for the calendar quarter ending June 30, 1998. This data file is available in a comma-separated value (CSV) format and in a Lotus (WK3) format. The files are compressed in a ZIP file for faster downloading.

The Health Data section of the Office's web-site also includes the *Accounting and Reporting Manual for California Hospitals*; links to the laws and regulations which govern the operation of the hospital financial programs in California, financial and utilization data tables, information on hospital financial data publications, and an alpha listing of hospitals with addresses.

REPORTING UNITS OF SERVICE ON THE HOSPITAL ANNUAL DISCLOSURE REPORT

The Office collects various types of utilization data for the non-revenue producing cost centers on Report Page 18 of the Hospital Annual Disclosure Report. Below are some reporting reminders:

The **Number of Personal Contacts** (P. 18, C. 13, L. 80) is the standard unit of measure for the Social Work Services cost center. Count each face-to-face consultation with or about a patient by a social worker as one personal contact. If a Social Worker meets with multiple representatives of a patient at the same time, this would also be counted as one personal contact. Do not count telephone interviews or contacts as a personal contact.

The **Average Number of Hospital Employees** (P. 18, C. 13, L. 135, 155, and 225) is the standard unit of measure for the Communications, General Accounting, and Personnel cost centers. This statistic is an average count of full-time and part-time hospital employees, and excludes non-paid workers, registry nursing personnel, and other temporary help agency personnel. The Statewide ratio of hospital employees to hospital paid FTEs is 1.22.

The **Number of Admissions** (P. 18, C. 13, L. 170) is the standard unit of measure for the Admitting cost center. Assuming that a hospital's census is about the same at the beginning and the ending of the report period, the number of admissions should approximate the number of discharges. Admissions and discharges will rarely equal. This statistics excludes nursery admissions and in-house transfers.

The **Average Number of Nursing Personnel** (P. 18, C. 13, L. 260) is the standard unit of measure for the Nursing Administration cost center. This statistic is an average count of full-time and part-time nursing personnel (RNs, LVNs, Aides, and Orderlies), including registry nursing personnel. The Statewide ratio of nursing personnel to nursing FTEs is 1.34. On average, nursing personnel comprise 34.6% of the average number of hospital employees.

The **Number of Hours of Nursing Inservice Education** (P. 18, C. 13, L. 270) is the standard unit of measure for the Inservice Education - Nursing cost center. Count the number of hours spent by all hospital employees involved in inservice nursing education. Count only the actual classroom time of the hospital's in-house nursing staff and in-house instructors. Include the instructor's preparation time and the actual classroom time of the student, but not the student's study time. The hours related to attending inservice education classes are counted as productive hours.

If you would like copies of previous Hospital Technical Letters, or if you have any questions, please call Kenny Kwong at (916) 323-7681, or me at (916) 323-7676.

Sincerely,

Jay R. Benson
Manager