

CHANGES TO ACCOUNTING AND REPORTING REQUIREMENTS

In August 2003, the Office issued Hospital Transmittal Letter No. 10 to update the *Accounting and Reporting Manual for California Hospitals* (Manual). These changes were made under the authority of Section 97018, Title 22, of the California Code of Regulations and were approved by the Office of Administrative Law with an effective date of July 26, 2003. If you need a copy of Hospital Transmittal Letter No. 10, please contact OSHPD’s Healthcare Information Resource Center at (916) 326-3802. Below is a summary of the Manual revisions:

Changes to Accounting and Reporting System Requirements

- Expanded Section 1270 of the Manual to provide guidance for the accounting and reporting of Medi-Cal supplemental payments provided by Emergency Medical Services payments (SB 1255); Construction and Renovation funds (SB 1732); Graduate Medical Education payments (SB 391); and Outpatient Disproportionate Share funds (SB 1179). Amounts received from these programs are to be offset against Medi-Cal Contractual Adjustments.
- Revised Section 2430 of the Manual to indicate that the Healthy Families program must be included in the Other Third Parties - Managed Care payer category.
- Updated capitalization requirements on fixed assets in Section 1122 of the Manual to be consistent with Medicare guidelines. The minimum was increased from \$500 to \$5,000; although hospitals may continue to use a lower minimum.
- Revised Section 2430.1 of the Manual to indicate that UC Teaching Hospital patients who are provided care with Clinical Teaching Support funds are to be included in the Other Indigent payer category.

Changes to Hospital Annual Financial Disclosure Report

Changes to the annual disclosure report will become effective with report periods ending on and after June 30, 2004. This means that hospitals with a report period (fiscal year) than began on or after July 1, 2003 should have reporting systems in place that meet the new requirements.

- Simplified the standard units of measure (SUM) for several revenue/cost centers:

Revenue/Cost Center	Former SUM	Revised SUM
Cardiology Services	RVS units	Procedures
Radiology-Diagnostic	RVS units	Procedures
Radiology-Therapeutic	RVS units	Procedures
Nuclear Medicine	RVS units	Procedures
Ultrasonography	RVS units	Procedures
Magnetic Resonance Imaging	MRI Minutes	MRI Procedures
Respiratory Therapy	RT Treatments	RT Adjusted Patient Days
Physical Therapy	30 minute Sessions	15 minute Sessions
Occupational Therapy	30 minute Sessions	15 minute Sessions
General Accounting	Avg. No. Hospital Employees	Paid Hospital FTEs
Personnel	Avg. No. Hospital Employees	Paid Hospital FTEs
Nursing Administration	Avg. No. Nursing Personnel	Productive Nursing FTEs

- Added Live Birth Data Summary to Report Page 4, Utilization Statistics. Hospitals will be required to report live natural births and Cesarean-section deliveries from all hospital locations, instead of just deliveries performed in Labor and Delivery.
- Reduced the number of service codes on Report Page 2, Services Inventory, from nine to four codes.
- Added three new data items to Report Page 0, General Information: 1) the hospital's web site address, 2) the report preparer's organization name, and 3) the report preparer's e-mail address. E-mail addresses will not be made available to the public.

QUARTERLY REPORTING IN 2004

All hospitals are required to use OSHPD's Internet Hospital Quarterly Reporting System (IHQRS) to prepare and submit their Quarterly Financial and Utilization Reports. Quarterly Reports are due 45 days after the end of each calendar quarter.

<u>Quarter</u>	<u>From</u>	<u>To</u>	<u>Due Date</u>
1st Quarter	1-01-04	3-31-04	5-15-04 (Sat.)
2nd Quarter	4-01-04	6-30-04	8-14-04 (Sat.)
3rd Quarter	7-01-04	9-30-04	11-14-04 (Sun.)
4th Quarter	10-01-04	12-31-04	2-14-05 (Mon.)

Note: The due dates for the 1st, 2nd, and 3rd quarters of 2004 fall on a weekend, which means Quarterly Reports for those quarters may be submitted on the next business day (Monday) without being considered delinquent.

REPORTING PAYROLL DATA

For OSHPD reporting purposes, productive hours are defined as actual hours worked and relate to salaries and wages, which includes all cash payments to employees for actual hours worked. Non-productive hours are accounted for as employee benefits (natural classification .12) and relate to paid hours not on the job. Additionally, there are certain situations where employee hours are considered neither productive nor non-productive, and are therefore not to be reported to OSHPD. The table below identifies some common situations:

Payroll Hours	Productive Hours	Salaries & Wages	Non-Productive Hours	Employee Benefits	Hours Not Reported
Actual Hours Worked	X	X			
Education-Inservice	X	X			
Holidays			X	X	
Jury Duty			X	X	
Leave Buyback				X	X
Light Duty (Workers Compensation)	X	X			
Meetings	X	X			
On-Call (Standby)		X			X
Orientation	X	X			
Overtime	X	X			

Payroll Hours	Productive Hours	Salaries & Wages	Non-Productive Hours	Employee Benefits	Hours Not Reported
Paid Time-Off			X	X	
Sick Leave			X	X	
Severance Pay				X	X
Training / Seminars	X	X			
Unpaid Leave (FMLA)					X
Vacation			X	X	

AUTOMATED LICENSING INFORMATION AND REPORT TRACKING SYSTEM

Section 127285 of the Health and Safety Code requires each hospital to submit an Annual Utilization Report of Hospitals to OSHPD. These reports have been collected since the early 1970s and are used by OSHPD and other data users to track the utilization of licensed services.

In September 2003, the Office released an application called the Automated Licensing Information and Report Tracking System (ALIRTS), which allowed 2002 Annual Utilization Reports to be prepared, validated, submitted, revised, and viewed over the Internet. Prior to the advent of ALIRTS, these reports were manually prepared and submitted in hardcopy.

The Annual Utilization Report covers a calendar year and focuses on licensed services and related utilization, including such information as: inpatient bed utilization (patient days and discharges) by licensed bed classifications (general acute and non-acute); emergency medical services (e.g., visits by type and ED closure hours); surgical services (e.g., operating rooms and operations); birthing services (traditional and alternate settings); and cardiology and cardiac catheterization services (e.g., operations and visits).

ALIRTS also allows for the web-based submission and dissemination of Annual Utilization Reports for long-term care facilities, primary care clinics, specialty clinics, home health agencies, and hospices. Licensing information about each facility type is also located and maintained in ALIRTS, such as the number and type of licensed beds, types of licensed services, and information on related facilities operating under a consolidated license.

ALIRTS is available to the public at: <http://alirts.oshpd.ca.gov/>. From the ALIRTS Home Page, use the “search” box at the upper right-hand corner to search for a facility. You may search a facility by typing in the license number, OSHPD ID number, the full name or a partial name (minimum 3 characters). Optionally, you may select “Advanced Search” from the left navigation bar to search on multiple parameters. A Login ID is required only if you are submitting a report.

If you would like copies of previous Hospital Technical Letters, or if you have any questions, please call Tim Pasco at (916) 323-1955, or me at (916) 323-7681.

Sincerely,

Kenrick J. Kwong
 Section Manager