

**HOSPITAL ANNUAL DISCLOSURE REPORTS –
Report Periods Ended 6-30-04 to 6-29-05**

In August 2003, we issued Transmittal Letter No. 10 to the *Accounting and Reporting Manual for California Hospitals*, to notify each hospital of adopted regulatory changes to the Office's annual reporting system requirements. These changes became effective with report periods ended on and after June 30, 2004, and were summarized in April 2004 when OSHPD issued Hospital Technical Letter No. 11.

All previous software vendors have been approved to distribute software version 30a (hospitals are beginning the 30th year disclosure cycle) for completing your Hospital Annual Disclosure Report. Below is the list of approved vendors.

<u>Vendor</u>	<u>Contact Person</u>	<u>Phone Number</u>
Health Financial Systems	Charles Briggs	(916) 686-8152
Hospital Management Services	Lanny Hawkinson	(714) 992-1525
KPMG	Cathie Kincheloe	(213) 955-8992

QUARTERLY REPORTING IN 2005

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	1-01-05	3-31-05	5-15-05 (Sun.)
2nd Quarter	4-01-05	6-30-05	8-14-05 (Sun.)
3rd Quarter	7-01-05	9-30-05	11-14-05 (Mon.)
4th Quarter	10-01-05	12-31-05	2-14-06 (Tue.)

Note: The due dates for the 1st and 2nd quarters of 2005 fall on a Sunday, which means Quarterly Reports for those quarters may be submitted on the following Monday without being considered delinquent.

HINTS TO IMPROVE ACCURACY IN REPORTING

Charity Care: Payment Shortfalls

Charity care is that portion of patient care services provided by a hospital for which a third-party payer is not responsible and a patient has the inability to pay. Charity care may include unpaid coinsurance, deductibles, and non-covered services if the patient meets the hospital's charity care eligibility criteria; but may not include bad debts or contractual adjustments.

Additionally, charity care may not include payment shortfalls. This situation arises when a patient has health coverage from a government-sponsored program and the payment amount by the government program meets a statutory requirement to pay the cost of providing services but is less than the hospital's cost of rendering the services.

Emergency Department (ED): Trauma Center Designations vs. ED License Levels

Several hospitals that are designated as trauma centers by the Emergency Medical Services Authority (EMSA) are not reporting this information correctly on the Hospital Annual Disclosure Report (HADR), while other hospitals who are not designated by EMSA are indicating that they are trauma centers. The EMSA web-site identifies all hospitals that have been, are, and will be designated as trauma centers and their designation level, and is located at the link below:

http://www.emsa.cahwnet.gov/emdivision/trauma_center_page.asp

When reporting your trauma center level on Report Page 1 of the HADR, enter the following:

EMSA Trauma Center Level Designations	HADR – Page 1, Line 30, Column 1
Pediatric Level I	1
Pediatric Level II	2
Adult / Pediatric Level I	1
Adult / Pediatric Level II	2
Adult I / Pediatric Level II	1
Level 1	1
Level II	2
Level III	3
Level IV	4
Not Designated	Leave Blank

EMSA trauma center designations are different from the licensed Emergency Department levels issued by the Department of Health Services (DHS), which uses three levels: Standby, Basic, and Comprehensive. To determine your licensed ED level, you can use OSHPD's Automated Licensing Information and Report Tracking System (ALIRTS) located at: <http://alirts.oshpd.state.ca.us/Default.aspx>.

Enter your hospital name in the "Search" box and click on "View License" or "View Reports". If you use the latter, Section 4 of your Annual Utilization Report shows both your EMSA trauma center designation and licensed ED level.

Comparison of Annual vs. Quarterly Reports

One of the Office's data quality assurance activities involves the routine comparison of selected financial and utilization data from Hospital Annual Disclosure Reports (HADR) and corresponding Quarterly Financial and Utilization Reports (QFUR). The goal is to provide data users with equal confidence in the accuracy of both data programs. Because Quarterly Reports are submitted over the Internet and viewable immediately after submission, the data are in high demand. Many data users appreciate the accessibility, timeliness, and simplicity of the Quarterly Reports.

For those hospitals whose annual reporting period ends on a calendar quarter (almost 95% meet this criteria), OSHPD would expect to find some differences because Quarterly Reports are due 45 days after the end of the calendar quarter while Annual Reports are due four months after the end of the fiscal year. However, in many instances, we have observed very large differences between the two reports.

At this time, our comparison is limited to the following data items:

Utilization Data: Licensed Beds, Discharges, Patient Days, and Outpatient Visits.

Summary Income Statement Data: Gross Patient Revenue, Deductions from Revenue, Capitation Premium Revenue, Net Patient Revenue, Other Operating Revenue, Total Operating Expenses, Net from Operations, Net Non-Operating Revenue, and Net Income.

Other Financial Data: Bad Debts, Charity – Hill-Burton, Charity – Other, SB 855 DSH Payments Received, and SB 855 DSH Payments Transferred.

The Comparison Report includes the above data from both reports and the differences displayed as numbers and as percentages. The report is being sent by e-mail to the individual who prepared the Quarterly Report, along with contact information for the individual who prepared the Annual Report. Hospitals are being encouraged to carefully review material differences indicated on the Comparison Report and to submit necessary revisions. Failure to revise your reports will not result in any penalty, but may result in inaccurate findings and statements from those that use your reports.

If you have any questions about the Comparison Report or submitting revisions, please contact Kyle Rowert (916) 327-6676.

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