

OSHPD Office of Statewide Health Planning and Development

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December 2016

To: Hospital Chief Financial Officers
and Other Interested Parties

Re: Hospital Technical Letter No. 29

This is the 29th in a series of Hospital Technical Letters developed by the Office of Statewide Health Planning and Development (OSHPD or 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.

Reporting negative utilization statistics and patient revenue no longer allowed

We have noticed several hospitals that were consistently reporting negative patient utilization statistics and revenue amounts on both the quarterly and annual reports. These negative amounts occur because the hospital is reporting prior period adjustments to patient statistics and revenue in the current period.

This is contradictory to our reporting requirements in that any prior period adjustments to patient days, discharges, visits or revenue need to be made in the period in which the revenue was earned.

Accounting and Reporting Manual for California Hospitals, 2nd edition, Section 1100, explains the importance of the matching principle for recording revenue and deductions from revenue in the period patient care services are rendered:

“Hospital revenue must be recorded in the period in which it is earned; that is, in the time period during which the services are rendered to patients and a legal claim arises for the value of the services. Once the revenue determination is made, a measurement must be made of the amount of expense incurred in rendering the services on which the revenue determination was based. Unless there is such a matching of accomplishment (revenue) and effort (expense), the reported net income of a period may be meaningless.”

We understand that by reporting in this manner, the OSHPD annual and quarterly financial reports may not tie to the hospital's financial reports and this is fine. Our reports must reflect what actually occurred during the quarterly or annual period.

The reason for this is that many data users such as researchers, unions, consultants, hospitals, government agencies, legislature, and media among others, rely on our data to make accurate and informed decisions. If some hospitals make revisions in the period in which the revenue was earned and others make revisions in the current period, it undermines the comparability of the data and could render their analysis useless.

Because of the reasons mentioned above, you will no longer be able to enter any negative amounts for patient days, discharges, visits or revenue in SIERA for both the quarterly and annual reports.

Additionally, the *Accounting and Reporting Manual for California Hospitals, 2nd edition*, is incorporated by reference in the California Code of Regulations, Title 22, Section 97018, and is available on the Office's website at:
<http://oshpd.ca.gov/HID/Products/Hospitals/AnnFinanData/Manuals/index.html>

Disproportionate Share (DSH) revisions in SIERA by January 20, 2017

As a reminder, when submitting Disproportionate Share (DSH) revisions required by the Department of Healthcare Services (DHCS), to have all data entered and submitted in SIERA by no later than January 20, 2017. We need to make sure we have time to review the revisions in SIERA and process them in order to meet the deadline imposed on us to have a file sent to DHCS of finalized data as of 2/1 each year. All DSH revisions should be based on audited data in order to avoid possible errors or incorrect data. This means that hospitals that are expecting to file a DSH revision should do their best to make sure that all audit questions and data corrections in SIERA are to be completed by the time the DSH revision process is started. Any response to an audit question that states it will be resolved during the DSH revision process is unacceptable.

Whole Person Care

Funds received for Whole Person Care (WPC) should be reported as Other Operating Revenue on the annual and quarterly hospital financial report, part III, lines 200-215. Please use the description "Whole Person Care" for the line number if this amount makes up the majority of that line. The reason WPC is being reported as Other Operating Revenue is that the payments received are for the coordination of patient care and not direct payments for providing patient care.

Cashing out employee paid time off

According to Section 1115.2 of the *Accounting and Reporting Manual for California Hospitals*, if an employee is cashing out paid time off, either due to the accumulation of excess time off or the separation of employment, do not report any non-productive hours for the cash out. You would report only the non-productive dollars related to the cash out in the employees assigned cost center. Non-productive hours for paid time off are to be counted only when the employee is actually using the hours to be away from work and will be returning to work after the hours are used.

ANNUAL FINANCIAL DISCLOSURE REPORTING in 2016-17

The reporting requirements for the 42nd year Hospital Annual Disclosure Report (HADR) cycle, which includes reporting periods ended June 30, 2016 through June 29, 2017, are the same as the previous year. All vendors have been approved to distribute HADR reporting software (Version 42A):

<u>Vendor</u>	<u>Contact Person</u>	<u>Phone Number</u>	<u>Status</u>
Health Financial Systems	Becky Dolin	(916) 226-6269	Approved
CDL Data Solutions, Inc.	Lanny Hawkinson	(714) 264-7752	Approved
KPMG	Jim David	(213) 430-2121	Approved

HADR Extension Policy: Hospitals may request 60 days on the initial HADR extension request. A second request must be submitted to use the remaining 30 days. The law prohibits OSHPD from granting more than a total of 90 days.

QUARTERLY REPORTING for 2016

The reporting requirements for 2016 are the same as 2015. All hospitals are still required to use SIERA (System for Integrated Electronic Reporting and Auditing) to prepare and submit their Quarterly Financial and Utilization Reports (QFUR). Quarterly Reports are due 45 days after the end of each calendar quarter.

2016 Quarterly Report Periods and Due Dates

Quarter	Period Begins:	Period Ends:	Date Due
1st Quarter	January 1, 2017	March 31, 2017	May 15, 2017 (Mon.)
2nd Quarter	April 1, 2017	June 30, 2017	August 14, 2017 (Mon.)
3rd Quarter	July 1, 2017	September 30, 2017	November 14, 2017 (Tue.)
4th Quarter	October 1, 2017	December 31, 2017	February 14, 2018 (Wed.)

*Note: Quarterly Reports due on a Saturday, Sunday, or State holiday may be submitted the next business day without penalty.

QFUR Extension Policy: One 30-day extension will be granted upon request. The law prohibits OSHPD from granting more than 30 days.

Quarterly Report revisions in SIERA

Quarterly revisions can be made any time after the audit of a quarterly report has been completed. Just login to SIERA at <https://siera.oshpd.ca.gov/> go to the "My Reports" tab at the top of the page, and then select the report you wish to revise under the "View/Correct" column on the right of the page.

Hospital Technical Letter No. 29
December 15, 2016

Copies of previous Hospital Technical Letters are available on the OSHPD web-site. If you have any accounting or reporting questions, please call me at (916) 326-3832.

Sincerely,

Original Signed By

Kyle Rowert
Hospital Unit Supervisor