oshpd "Equitable Healthcare Accessibility for California"
Office of Statewide Health Planning and Development

Healthcare Information Division
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March 2006

To: Hospital Chief Financial Officers
and Other Interested Parties

Re: Hospital Technical Letter No. 15

This is the 15th 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.

IMPLEMENTATION OF AB 1045: REVISED PAYERS' BILL OF RIGHTS

AB 1045 (Chapter 532, Statutes of 2005) revised some of the reporting requirements established by AB 1627 (Chapter 582, Statutes of 2003), the legislation which created the Payers' Bill of Rights. Specifically, AB 1045 requires each hospital to submit a list of charges for 25 common outpatient procedures ***instead of*** the list of 25 commonly charged services or procedures. Each hospital is still required to submit its chargemaster and beginning this year, a calculated estimate of the percentage change in gross revenue due to price changes. All documents must be submitted by e-mail or on CD-ROM in Excel (.xls) or Comma Separated Value (.csv) file format, and at the same time. For more information on the Payers Bill of Rights, go to: http://www.oshpd.ca.gov/HID/hospital/chrgmster/index.htm

I. List of Charges for 25 Common Outpatient Procedures

AB 1045 does not define "procedures", but it is expected that hospitals will submit charges for a combination of ambulatory surgical procedures, ancillary therapeutic procedures, and ancillary diagnostic tests and procedures. Charges related to medical supplies, durable medical equipment, and pharmaceuticals should not be reported. The reported procedures do not have to be the 25 most commonly charged outpatient procedures, just 25 common outpatient procedures.

Regulations

Regulations were published by the Office of Administrative Law on February 17, 2006 to notify affected parties of the revised reporting requirements, with the public comment period ending April 4, 2006. As proposed, hospitals must submit the new outpatient procedure information by July 1, 2006 using prices in effect on

June 1, 2006. The proposed regulation documents are available on OSHPD's web-site at: http://www.oshpd.ca.gov/HID/AboutHID/laws.htm

II. Chargemaster

Last year, the two most common problems identified with submitted chargemasters were: 1) items did not include a charge, and 2) exclusion of pharmaceutical charges. For items without a charge, please provide an explanation. Valid reasons include an item is not charged to patients, an item is no longer provided, or the chargemaster is used to only track utilization for an item. Blank items resulting from a shared chargemaster should be deleted if items do not apply to the reporting hospital. Hospitals using formula-driven pharmaceutical pricing systems (e.g., average wholesale price plus percentage mark-up) should report prices in effect on June 1, 2006, including the mark-up percentage on that date.

III. Calculation of Percentage Change in Gross Revenue

For 2006 and on-going, each hospital is required to submit an estimate of the percentage change in gross revenue due to price changes since the prior year's submitted chargemaster, which reflected prices as of June 1, 2005. A specific methodology for calculating this estimate does not exist; however, it is expected that such a calculation would address changes in utilization, new and/or discontinued services, and price changes. Supporting documentation must accompany the estimate.

Penalty for Non-Submission

Any hospital that does not submit all documents required by the Payers' Bill or Rights by July 1, 2006 may be liable for a $100 per day civil penalty, as specified in Section 128770 of the Health & Safety Code.

Extension on July 1 Due Date

OSHPD does not have any authority to grant extensions beyond the July 1 due date. This means that all three required documents must be submitted by e-mail or, if sending on CD-ROM, postmarked by July 1 to avoid a $100 per day penalty. Since July 1, 2006 falls on a Saturday, documents may be submitted on July 3, 2006 (Monday) and will not be considered delinquent.

Data Availability

All documents submitted under the Payers' Bill of Rights will be made available on OSHPD's web-site. It is expected that this feature will be implemented by August 2006. Documents submitted in 2005 are still available on CD-ROM for $10.00. If you are interested in purchasing this product, contact OSHPD's Healthcare Information Resource Center at (916) 322-2814.

HOSPITAL ANNUAL DISCLOSURE REPORT

Transmittal and Certification Form

Section 97043 of Title 22, California Code of Regulations, requires an authorized official of the hospital to certify under penalty of perjury that the submitted Hospital Annual Disclosure Report (HADR) complies with OSHPD's uniform accounting and reporting system requirements and that the submitted data are true and correct. To be considered formally submitted, a *signed* copy of the Transmittal and Certification Form must be sent along with the completed report. This form should be automatically generated when the reporting software creates the transfer file that is submitted to OSHPD. Failure to submit the *signed* Certification will result in your HADR submission being considered incomplete and may result in a $100 per day penalty.

The *signed* Certification may be sent to Patricia Burritt by either:

- e-mail (as a .pdf document) to pburritt@oshpd.ca.gov
- on diskette (as a .pdf document) along with submitted report
- fax at (916) 323-7675
- regular mail to 818 K Street, Room 400, Sacramento, CA 95814

Approved HADR Software Vendors

For report periods ending June 30, 2005 through June 29, 2006, approved software vendors for distributing HADR reporting software (Version 31A) include:

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

Note: Per Page 7020 (Cont. 1) of the Hospital Manual, do **not** use the vendor software to change line titles on report pages under any circumstances. The database is designed around the reporting forms and will not recognize this change.

QUARTERLY REPORT REMINDERS

Below are some reminders for using OSHPD's Internet Hospital Quarterly Reporting System (IHQRS). This web-based application must be used for preparing and submitting Hospital Quarterly Financial and Utilization Reports, which are due 45 days after the end of each calendar quarter. The IHQRS Home Page contains links to necessary forms, FAQs, a Users Guide, and reporting instructions. You can access IHQRS at: http://ihqrs.oshpd.state.ca.us.

Forget User ID or Password?

Contact Patricia Burritt at (916) 323-0875 or at pburritt@oshpd.ca.gov. We will provide you with your User ID or Password upon verification that you are currently registered. If you are not the registered person on file, you must submit a new IHQRS Enrollment Form.

Add User or Change User ID or Password?

If you are a new IHQRS user or want to change your User ID or Password, you must submit an IHQRS Enrollment Form. The User ID and Password must be five to 12 characters in length and are not case sensitive. Passwords must contain at least one alpha and one numeric character. Do no use any special characters (e.g., @, #, $ etc.). You can download the Enrollment Form from the IHQRS Home Page.

Need to Update Electronic Quarterly Reporting Certification?

The report authentication required by Section 97043 of Title 22, California Code of Regulations, also applies to Quarterly Reports. When IHQRS was implemented in 2000, each hospital was required to submit a signed certification. An updated certification must be submitted if the individual who signed a certification is no longer authorized for authenticate Quarterly Reports. Contact Patricia Burritt if you are unsure of your hospital's current authorized official. The Electronic Quarterly Reporting Certification is available from the IHQRS Home Page.

Have Accounting or Reporting Questions?

If you have questions about how to complete or revise a Quarterly Report, please contact Tim Pasco at (916) 323-1955 or tpasco@oshpd.ca.gov or Lexie Bloyd at (916) 323-7688 or lbloyd@oshpd.ca.gov.

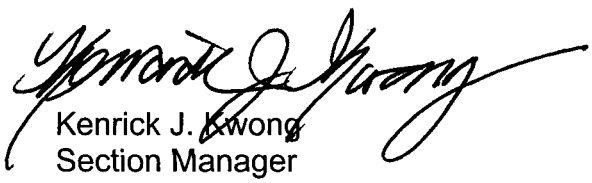
HINTS TO IMPROVE DATA ACCURACY

Medicare Advantage Private Fee-for-Service (FFS) Plan

Under this insurance plan, enrollees may obtain doctor and hospital services from any provider that accepts Medicare payments, without a referral. Medicare negotiates payment terms with the insurance plan, which in turn, negotiates a reimbursement rate with providers for covered services. Enrollee costs will vary depending on the amount of co-insurance and/or deductibles. Record and report services provided to these patients in the Other Third Parties – Traditional payer category. Patients enrolled in Medicare Advantage Managed Care Plans and/or PPO Plans are reported in the Medicare – Managed Care payer category.

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