Financial Reporting Guide

Shared Savings Plans

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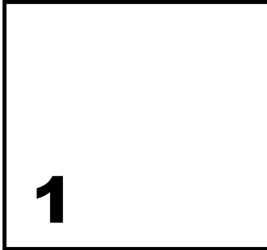


Introduction and general instructions

1.01 Introduction

The provisions and requirements of this Financial Reporting Guide (Guide) are effective February 1, 2012. The purpose of this Guide is to set forth quarterly and annual reporting requirements for BAYOU HEALTH – Shared Savings organizations (Contractors) contracted with Louisiana Department of Health and Hospitals (DHH) / Bureau of Health Services Financing (BHSF) for providing enhanced primary care case management services. This Guide does not replace any DHH electronic data submission requirements or quality/compliance-oriented reporting requirements from the Contractors.

The primary objective of the Guide is to establish consistency and uniformity in reporting. All reports shall be submitted as outlined in the general and report specific instructions. The financial reports submitted based on the Guide will be used to monitor the operations for participating Contractors and as a potential data source in enhanced primary care case management rate setting. Only revenues and expenses related to a contract services between the State and the Contractor should be included in the reports, with the exception of parent organization financial statements and audit information required on an annual basis.

All terms and conditions of the BAYOU HEALTH – Shared Savings contract apply to this financial reporting guide. This financial reporting guide may be revised as deemed necessary by DHH. Sanctions may be enforced for the untimely filing of the financial reports. Monthly reporting of the financial statements may also be enforced upon the discretion of DHH. This reporting guide is supplemental to any reporting provisions required by DHH, state and federal law and rules and regulations. In addition, generally-accepted accounting principles (GAAP) oriented audited financial statements are required by Contractors participating in the BAYOU HEALTH – Shared Savings program.

1.02 Reporting time frames

Amendments and/or updates to this Guide may be issued by the DHH as deemed necessary. The following table depicts reporting requirements and scheduling. Due dates are based on calendar days.

Schedule	Report name	Frequency	Due date[1]	Format
A	Balance sheet	Quarterly	60 days after quarter end	Predetermined
B	Income statement	Quarterly	60 days after quarter end	Predetermined
C	Financial statement footnotes	Quarterly & annual	60 days after quarter end and 120 days after year end	Narrative
D	Total categorical profitability statement	Quarterly	(This schedule is a roll up of E:G. Data is not entered on this schedule.)	Predetermined
E-M	Region profitability statements	Quarterly	60 days after quarter end	Predetermined
N	Investments	Quarterly	60 days after quarter end	Predetermined
O	Provider group receivable/payable	Quarterly	60 days after quarter end	Predetermined
P	Other assets	Quarterly	60 days after quarter end	Predetermined
Q	Accounts payable aging	Quarterly	60 days after quarter end	Predetermined
R	Other liabilities	Quarterly	60 days after quarter end	Predetermined
S	Long Term debt	Quarterly	60 days after quarter end	Predetermined
T	Utilization	Quarterly	60 days after quarter end	Predetermined
U	FQHC/RHC expenses	Quarterly	60 days after quarter end	Predetermined
V	Fraud and abuse tracking	Quarterly	60 days after quarter end	Predetermined
W	Parent audited financial statements	Annual	120 days after year end	Embedded PDF
X	Contractor financial statements	Annual	120 days after year end	Embedded PDF
Y	Audited balance sheet reconciliation	Draft and final annual	90 and 120 days after year end	Predetermined

Schedule	Report name	Frequency	Due date[1]	Format
Z	Audited income statement reconciliation	Draft and final annual	90 and 120 days after year end	Predetermined
AA	Audit entry adjustments	Draft and final annual	90 and 120 days after year end	Predetermined
AB	Supplemental working Area	N/A	As needed	As needed
Appendix A	Financial disclosure statement	Annual	90 and 120 days after year end, if adjustments are necessary	Predetermined

[1]If a due date falls on a weekend or State-recognized holiday, reports will be due the next business day.

1.03 General instructions

Generally accepted accounting principles (GAAP) are to be observed in the preparation of these reports. Specifically, all revenues and expenses must be reported using the accrual basis method of accounting.

Amounts reported to DHH under this Guide are to represent only covered services for the BAYOU HEALTH – Shared Savings program and bonuses/rewards paid to participating providers and recipients. Covered services are services that would be considered reimbursable under each Contractor's contract with DHH. Bonuses/rewards are those physician incentive program payments made to participating providers or member incentives/rewards made to BAYOU HEALTH members.

All quarterly and annual reports must be completed and submitted to DHH by the due dates outlined above. DHH may extend a report deadline if a request for an extension is communicated in writing and is received at least five (5) business days prior to the report due date. Any request for extension must include the reason for delay and the date by which the report will be filed.

Most line and column descriptions within each report are self-explanatory and therefore constitute instructions. However, specific instructions are provided in instances when interpretation may vary. Any entry for which no specific instruction is provided should be made in accordance with sound accounting principles and in a manner consistent with related items for which instruction is provided.

Always utilize predefined categories or classifications before reporting an amount as "Other". For any material amount included as "Other", the Contractor is required to provide **a detailed explanation**. For this purpose, material is defined as comprising an amount greater than or equal to 5% of the total for each section. For example, if "Other Income" reported is less than 5% of Total Revenue, no disclosure is necessary. Disclosures are to be documented on Schedule C – Footnotes, line item three. Refer to the supplemental working area location if additional space is needed for disclosures.

Unanswered questions and blank lines or schedules will not be considered properly completed and may result in a resubmission request. Any resubmission must be clearly identified as such. If no answers or entries are to be made, write "None", not applicable (N/A) or "-0-" in the space provided.

Input areas for the spreadsheet are shaded in red. The Contractor should input amounts in whole dollars only. Amounts should be rounded up to or down to the nearest whole dollar. For example, $1.49 would be rounded down and input as $1. $1.50 would be rounded up and input as $2, the next whole number.

1.04 Format and delivery

The Contractor will submit these reports in hard copy and electronically, using Excel® spreadsheets in the format and on the template specified in this Guide without alteration. Please submit the completed reports and required supplemental materials, such as narrative support for "Other" categories that are considered material in nature to:

Steve Annison
Louisiana Department of Health and Hospitals
Bureau of Health Services Financing
628 North 4th Street
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

Electronic copies should be submitted to LA DHH using the following e-mail address:

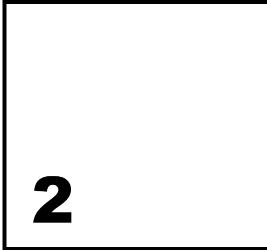
- Steve Annison at DHH: steve.annison@la.gov

1.05 Certification statement

The purpose of the certification statement is to attest that the information submitted in the reports is current, complete and accurate. The statement should include the Contractor name, period ended, preparer information and signatures. The certification statement must be signed by the Contractor's CFO or CEO **in blue ink**. For electronic submission purposes, a PDF of the certification statement should be submitted separately from the electronic Excel and Word® documents.

1.06 Financial statement check figures and instructions

In addition to the schedules that must be completed by the Contractor, the Guide includes a "Financial Statement Instruction and Check Figures Report" worksheet that evaluates the consistency of the values entered by the Contractor. The financial statement reporting template instruction and check figures tab lists the instructions for completing the spreadsheet as well as check figures that identify any differences within specific schedules. The check figures must match prior to the submission of the quarterly and annual financial statements. If the audit check figures do not match, data should be corrected or an explanation should be provided in writing and submitted with the quarterly financial statement reporting package.



Quarterly report specifications

2.01 Schedule A: Balance sheet

The balance sheet reported in Schedule should only include those asset and liability accounts associated with the BAYOU HEALTH Shared Savings Program. Such information may be based upon the general ledger accounts specifically identified for this program; allocations of accounts (e.g. land, building, etc.) used for multiple product lines within the legal entity are not necessary for completing this schedule.

In addition to this Balance Sheet, a Contractor that does not have a separate legal entity and general ledger system specifically for the BAYOU HEALTH Shared Savings Program shall submit quarterly financial statements associated with the legal entity doing business as the BAYOU HEALTH Shared Savings Program. This requirement shall be met through the following submissions if applicable:

1. Quarterly Louisiana Department of Insurance filings.
2. If 1 is not applicable, any other regulatory filing submitted on a quarterly basis.
3. If 1 or 2 are not applicable, quarterly financial statements containing at least a balance sheet, income statement, statement of cash flows and applicable notes.

NOTE: The certification statement as detailed in 1.05 – Certification Statement of these instructions will be applicable to this quarterly financial statement submission.

Current assets are assets that are expected to be converted into cash or used or consumed within one year from the date of the balance sheet. Restricted assets for the general performance bond, contracts, reserves, etc. are not to be included as current assets.

Specification	Inclusion	Exclusion
Cash and cash equivalents	Cash and cash equivalents available for current use. Cash equivalents are investments maturing 90 days or less from the date of purchase.	Restricted cash (and equivalents) and any investments pledged by the Contractor to satisfy minimum net worth requirements.

Specification	Inclusion	Exclusion
Short-term investments	Investments that are readily marketable and that are expected to be redeemed or sold within one year of the balance sheet date. Note, material amounts (greater than 5% of total assets) should be disclosed and fully explained in Schedule C, footnote disclosures.	Investments maturing 90 days or less than one year from the date of purchase and restricted securities. Also exclude investments pledged by the Contractor to satisfy statutory deposit requirements, if applicable.
ePCCM payments and newborn/deceased member payments receivable/payable	PCCM and enhanced PCCM payments earned, but not yet received from DHH. Also include Newborn and Deceased enrollee payments receivable/payable.	
Shared Savings payments receivable	Shared Savings payments that the Contractor has realized or the revenue is realizable and earned, but not yet received from DHH.	
Investment income receivable	Income earned, but not yet received, from cash equivalents, investments, performance bonds and short- and long-term investments.	
Current due from affiliates	Current amounts due from parent or subsidiary affiliate entities.	Amounts due to parent or subsidiary affiliate entities.
Provider group receivable	Amounts due from provider organization entities because of a contractual incentive or shared risk relationship with the Contractor. See Schedule O for required detail on this line item.	Provider group payable amounts.
Other current assets	The total current portion of Other Assets, which will include all other assets (e.g., income tax refunds receivable) not accounted for elsewhere on the balance sheet. Any receivables from providers due to overpayments should be accounted for in this line item. See Other Assets, Schedule P, for required detail on this item. In addition, report the current portions of goodwill and other intangible assets here.	

Other assets are assets that are expected to be held for greater than one year of the balance sheet date.

Specification	Inclusion	Exclusion
Statutory deposits	Amounts deposited under the Department of Health and Hospitals System authority and regulations that require the Contractor to maintain a minimum level of tangible net equity, if applicable.	Performance Bonds that would not be recognized for GAAP purposes.
Restricted cash and other assets	Cash, securities, receivables, etc. whose use is restricted.	Cash and/or investments pledged by the Contractor to satisfy DHH requirements.
Long-term investments	Investments that are expected to be held longer than one year. See the Investments Report, Schedule N, for further reporting requirements of this line item.	Investments or Statutory deposit requirements to satisfy DOI or DHH requirements.
Non-current due from affiliates	Non-current amounts due from parent or subsidiary affiliate entities.	Amounts due to parent or subsidiary affiliate entities.
Other non-current assets	Include all other non-current assets (e.g., income taxes receivable) not accounted for elsewhere on the balance sheet. Any receivables from providers should be accounted for in this line item. Note: material amounts (greater than 5% of total assets) should be disclosed and fully explained in a separate sheet.	

Property and equipment consists of fixed assets, including land, buildings, leasehold improvements, furniture, equipment, etc.

Specification	Inclusion	Exclusion
Land	Real estate owned by the Contractor.	
Buildings	Buildings owned by the Contractor, including buildings under a capital lease and improvements to buildings owned by the Contractor.	Improvements made to leased or rented buildings or offices.
Leasehold improvements	Capitalized improvements to facilities not owned by the Contractor.	
Furniture and equipment	Medical equipment, office equipment, data processing hardware and software (where permitted) and furniture owned by the Contractor, as well as similar assets held under capital leases.	
Other – Property and equipment	All other fixed assets not falling under one of the other specific asset categories.	

Specification	Inclusion	Exclusion
Accumulated depreciation and amortization	The total of all depreciation and amortization accounts relating to the various fixed asset accounts.	

Current liabilities are obligations whose liquidation is reasonably expected to occur within one year from the balance sheet date.

Specification	Inclusion	Exclusion
Accounts payable	Amounts due to creditors for the acquisition of goods and services (provider and administrative vendors) on a credit basis.	
Accrued administrative expenses	Accrued expenses and management fees and any other amounts estimated as of the balance sheet date (i.e., payroll, taxes). Also include accrued interest payable on debts.	
Provider group payable	Amounts due to provider organization entities because of a contractual incentive or shared risk relationship with the Contractor. See Schedule O for required detail on this line item.	Provider group receivable amounts.
Current portion – Long-term debt	The total current portion from the detail listed in Long Term Debt Report, Schedule S, which will include the principal amount on loans, notes and capital lease obligations due within one year of the balance sheet date.	Long-term portion of and accrued interest on loans, notes and capital lease obligations.
Due to affiliates	Current amounts due to parent or subsidiary affiliate entities.	Amounts due from parent or subsidiary affiliate entities.
Other current liabilities	The total current portion from the detail listed in the Other Liabilities Report, Schedule R, which will include those current liabilities not specifically identified elsewhere (i.e., income taxes payable).	

Other liabilities are those obligations whose liquidation is not reasonably expected to occur within one year of the date of the balance sheet.

Specification	Inclusion	Exclusion
Non-current portion – Long-term debt	The total non-current portion from the detail listed in the Long Term Debt Report, Schedule S, which will include the long-term portion of principal on loans, notes and capital lease obligations.	Current portion of and accrued interest on loans, notes and capital lease obligations.

Specification	Inclusion	Exclusion
Non-current due to affiliates	Non-current amounts due to parent of subsidiary affiliate entities.	Current amounts due to parent or subsidiary affiliate entities.
Dividends Payable	Dividends authorized and payable to stockholders	
Other non-current liabilities	The total non-current portion from the detail listed in the Other Liabilities Report, Schedule R not specifically identified elsewhere.	

Equity includes preferred stock, common stock, treasury stock, additional paid-in capital, contributed capital and retained earnings/fund balance.

Specification	Inclusion	Exclusion
Preferred stock	Should equal the par value or, in the case of no-par shares, the stated or liquidation value per share multiplied by the number of issued shares.	
Common stock	Should equal the par value or, in the case of no-par shares the stated value, per share multiplied by the number of issued shares.	
Treasury stock	Include the amount of treasury stock reported using the par value or cost method.	
Additional paid-in capital	Amounts paid and contributed in excess of the par or stated value of shares issued.	
Contributed capital	Include capital donated to the Contractor. Describe the nature of the donation as well as any restrictions on this capital in the footnote disclosures in Schedule C.	
Retained earnings/net assets (liabilities)	Include the undistributed and unappropriated amount of earned surplus. Beginning retained earnings for a new fiscal year should remain constant during the fiscal year.	
Increase (decrease) YTD	The change in income or loss from the retained earnings for the beginning of the fiscal year.	

2.02 Schedule B: Income statement

Report revenues and expenses using the full accrual method. The income statement, schedule B, must agree to the total profitability by eligibility category report, Schedule D, for the quarterly reporting period.

Specification	Inclusion	Exclusion
Assigned Member Count at end of reporting period	Distinct member count of enrollees assigned to the Contractor at the end of the reporting period.	
Member months	A member month is equivalent to one member for whom the Contractor has received or accrued ePCCM-based revenue for the entire month.	
Newborn Count	Report the number of deliveries occurring during the reporting period.	
Deceased Member Count	Report the number of deceased member payments received or accrued from DHH.	
PCP Payments	Revenue received and accrued on a prepaid basis for the provision of primary care provider covered services.	
Enhanced PCCM Payments	Revenue received and accrued on a prepaid basis for the provision of enhanced PCCM covered services.	
Shared Savings Revenue	Shared Savings revenue that is realized or realizable and the revenue is earned.	
Investment income	All investment income earned during the period net of interest expense.	
Other income	Revenue from sources not identified in the other revenue categories. Describe amounts in the footnotes in Schedule C. Note: material amounts (greater than 5% of total income) should be disclosed and fully explained in a separate sheet.	

Provider expenses and recoveries – all expenses must be reported net of any third party reimbursement or coordination of benefits (e.g., Medicare and other commercial insurance) and in correlation to the identified categories of service in Schedule B. Expenses should be reported as paid and incurred for each line item.

Specification	Inclusion	Exclusion
Primary Care Provider (PCP) care management services	All expenses, including any sub-contracted services, incurred for the provision of PCP care management covered services.	
Enhanced PCCM payments	All expenses, including any sub-contracted services, incurred for the provision of enhanced primary care case management covered services.	
Provider Incentive payments	Incentive payments paid to PCP and ePCCM contracted providers for contractual incentive agreements.	PCP or ePCCM service payments above.
Other Provider payments	Any provider payments not categorized as PCP, ePCCM or incentive payments.	

Specification	Inclusion	Exclusion
Fraud and abuse recoveries	Payments to the Contractor as a result of DHH, Contractor or Provider sponsored recovery efforts. Detail supporting this amount should be reported on Schedule V.	
Other Recoveries	Amounts recovered from recovery vendors or settlement efforts.	Fraud and abuse recoveries.

Administrative Expenses – Administrative Expenses are divided into activities that improve health care quality and those that are other, general and operational, to perform necessary business functions. Use the following guidance for reporting activities that meet the criteria for improving health care quality.

Administration - Health Care Quality Improvement Expenses

Activity Requirements

Activities conducted by a Contractor to improve quality must meet the following requirements. The activity must be designed to:

- Improve health quality;
- Increase the likelihood of desired health outcomes in ways that are capable of being objectively measured and of producing verifiable results and achievements;
- Be directed toward individual enrollees or incurred for the benefit of specified segments of enrollees or provide health improvements to the population beyond those enrolled in coverage as long as no additional costs are incurred due to the non-enrollees;
- Be grounded in evidence-based medicine, widely accepted best clinical practice, or criteria issued by recognized professional medical associations, accreditation bodies, government agencies or other nationally recognized health care quality organizations;
- Improve health outcomes including increasing the likelihood of desired outcomes compared to a baseline and reduce health disparities among specified populations:

  Examples include the direct interaction of the Contractor (including those services delegated by subcontract for which the Contractor retains ultimate responsibility under the terms of the contract with DHH) with providers and the enrollee or the enrollee's representative (for example, face-to-face, telephonic, web-based interactions or other means of communication) to improve health outcomes, including activities such as:

  - Effective case management, care coordination, chronic disease management, and medication and care compliance initiatives including through the use of the medical homes model as defined in the RFP and contract;
  - Identifying and addressing ethnic, cultural or racial disparities in effectiveness of identified best clinical practices and evidence based medicine;
  - Quality reporting and documentation of care in non-electronic format;
  - Health information technology to support these activities;
  - Accreditation fees directly related to quality of care activities;

  Prevent hospital readmissions through a comprehensive program for hospital discharge – Examples include:

  - Comprehensive discharge planning (for example, arranging and managing transitions from one setting to another, such as hospital discharge to home or to a rehabilitation

center) in order to help assure appropriate care that will, in all likelihood, avoid readmission to the hospital;
- Patient-centered education and counseling;
- Personalized post-discharge reinforcement and counseling by an appropriate health care professional;
- Any quality reporting and related documentation in non-electronic form for activities to prevent hospital readmission;
- Health information technology to support these activities.

Improve patient safety; reduce medical errors, and lower infection and mortality rates

Examples of activities primarily designed to improve patient safety, reduce medical errors, and lower infection and mortality rates include:

- The appropriate identification and use of best clinical practices to avoid harm;
- Activities to identify and encourage evidence-based medicine in addressing independently identified and documented clinical errors or safety concerns;
- Activities to lower the risk of facility-acquired infections;
- Prospective prescription drug Utilization Review aimed at identifying potential adverse drug interactions;
- Any quality reporting and related documentation in non-electronic form for activities that improve patient safety and reduce medical errors; and,
- Health information technology to support these activities.

Implement, promote, and increase wellness and health activities:

Examples of activities primarily designed to implement, promote, and increase wellness and health activities, include:

- Wellness assessments;
- Wellness/lifestyle coaching programs designed to achieve specific and measurable improvements;
- Coaching programs designed to educate individuals on clinically effective methods for dealing with a specific chronic disease or condition;
- Public health education campaigns that are performed in conjunction with the Louisiana Office of Public Health ;
- Actual rewards, incentives, bonuses, reductions in copayments (excluding administration of such programs), that are not already reflected in payments or claims;
- Any quality reporting and related documentation in non-electronic form for wellness and health promotion activities;
- Coaching or education programs and health promotion activities designed to change member behavior and conditions (for example, smoking or obesity); and,
- Health information technology to support these activities.
- Enhance the use of health care data to improve quality, transparency, and outcomes and support meaningful use of health information technology.

Exclusions

Expenditures and activities that **must not be included** in quality improving activities are:

- Those that are designed primarily to control or contain costs;
- The *pro rata* share of expenses that are for lines of business or products other than Louisiana Medicaid;
- Those which otherwise meet the definitions for quality improvement activities but which were paid for with grant money or other funding separate from DHH payments;
- Those activities that can be billed or allocated by a provider for care delivery and which are, therefore, reimbursed as clinical services;
- Establishing or maintaining a claims adjudication or referral/prior authorization system, including costs directly related to upgrades in health information technology that are designed primarily or solely to improve claims payment capabilities or to meet regulatory requirements for pre-processing claims (for example, costs of implementing new administrative simplification standards and code sets adopted pursuant to the Health Insurance Portability and Accountability Act (HIPAA), 42 U.S.C. 1320d-2, as amended, including the new ICD-10 requirements);
- That portion of the activities of health care professional hotlines that does not meet the definition of activities that improve health quality;
- All retrospective and concurrent utilization review;
- Fraud prevention activities, other than fraud detection/recovery expenses up to the amount recovered that reduces incurred claims;
- The cost of developing and executing primary care provider contracts and fees associated with establishing or managing a provider network, including fees paid to a vendor for the same reason;
- Marketing expenses;
- Costs associated with calculating and administering individual enrollee or employee incentives;
- That portion of prospective utilization that does not meet the definition of activities that improve health quality;
- State and federal taxes and regulatory fees; and,
- Any function or activity not expressly included in paragraph (c) of this section, unless otherwise approved by and within the discretion of DHH, upon adequate showing by the Contractor that the activity's costs support the definitions and purposes described above or otherwise support monitoring, measuring or reporting health care quality improvement.

Other Administrative Expenses – The following expenses are designated as Other and include the following categories:

Specification	Inclusion	Exclusion
Fraud and abuse detection and recovery expenses	Expenditures for fraud and abuse detection and recovery incurred internally or through a contract recovery or detection vendor.	
Utilization review	Utilization review activities performed for inpatient and outpatient enrollee activities.	

Specification	Inclusion	Exclusion
Network development and credentialing costs	Contracting, provider credentialing and provider education.	
Marketing	Sales and marketing expenditures.	
Member/Enrollment Services	Processing and maintenance for Member and Enrollment activities.	
General and operational management	General and Operational Management – Senior operational management and general administrative support (i.e., administrative assistants, public relations (to the extent that it does not relate to Marketing or Member/Enrollment Services as described above), receptionist, etc.).	
Accounting and finance	Accounting and finance expenditures.	
Claims and referral processing	Pre-processing of provider claims, processing network or subcontractor payments and issuance of electronic referrals and prior authorization services.	
Information systems	Information systems and communications.	HIT expenses reported as Health Care Quality Improvements.
Administrative services only (ASO) cost	Vendor related expenditures for the processing of provider payments, if applicable.	
Other direct costs	Administrative Business Expenditures – Rent, utilities, office supplies, printing and copier expenses, marketing materials, training and education, recruiting, relocation, travel, depreciation and amortization, and other miscellaneous administrative expenses.	
Indirect costs	Corporate Overhead Allocations – Management fees, and other allocations of corporate expenses based on some methodology (e.g., per member per month (PMPM), percent of revenue, percent of head counts and/or full time equivalents (FTE), etc.).	
Sanctions and Late Payment interest penalties	Payments made or incurred for DHH or other authority imposed sanctions and late payment interest penalties.	
Other Costs	Those administrative expenses not specifically identified in the categories above. Note: material amounts (greater than 5% of total administrative expenses) should be disclosed and fully explained in a separate sheet.	Other administrative expenses indicated above.

Specification	Inclusion	Exclusion
Non-operating income/loss	Any amounts relating to the non-operating revenues and expenses reported on this line should be described in the financial statement footnotes.	
Income taxes	Income tax expense paid or accrued for the period.	
Premium taxes	Premium taxes paid or accrued for the period.	

Allocation of Expenses

A. **General Requirements**

Each expense must be reported under only one type of expense, unless a portion of the expense fits under the definition of or criteria for one type of expense and the remainder fits into a different type of expense, in which case the expense must be pro-rated between types of expenses. Expenditures that benefit lines of business other than Louisiana Medicaid must be reported on a pro rata share.

- Allocation to each category should be based on a generally accepted accounting and allocation methodology that is expected to yield the most accurate results. Specific identification of an expense with an activity that is represented by one of the categories above will generally be the most accurate method. If a specific identification is not feasible, the Contractor must provide an explanation of why it believes the more accurate result will be gained from allocation of expenses based upon pertinent factors or ratios such as studies of employee activities, salary ratios or similar analyses;
- Many entities operate within a group where personnel and facilities are shared. Shared expenses, including expenses under the terms of a management contract, must be apportioned *pro rata* to the entities incurring the expense; and,
- Any basis adopted to apportion expenses must be that which is expected to yield the most accurate results and may result from special studies of employee activities, salary ratios, prepaid payment ratios or similar analyses. Expenses that relate solely to the operations of a reporting entity, such as personnel costs associated with the provider payments and referral/prior authorization processing, must be borne solely by the reporting entity and are not to be apportioned to other entities within a group.

2.03 Schedule C: Financial statement footnotes

The financial statement footnotes are designed to present information regarding organizational structures and changes to reimbursement methodologies, as well as an area to explain other amounts not specified in the reporting package. The following list is not exclusive of explanations that may be useful to DHH. The footnote requirements are generally GAAP-oriented but have also been tailored to notify DHH of fluctuations to revenues, expenses and IBNP. Appendix A includes required annual financial disclosures. On a quarterly basis, only include narrative and applicable supporting schedules for material changes to items described in the following table:

Line #	Quarterly financial footnote disclosures	Indicate as N/A if no reportable items
1	Organizational structure	
2	Summary of significant accounting policies changes	
3	Other amounts included in the financial statements > 5% of the reporting category	
4	Pledges, assignments and guarantee changes	
5	Statutory Deposits or performance bonds changes	
6	Material adjustments in accounting methodology	
7	Contingent liabilities	
8	Due from/to affiliates (current and non-current)	
9	Related party transaction activities	
10	Equity activity	
11	Non-compliance with financial viability standards and performance guidelines	
12	Charitable contributions, penalties or sanctions included in the financial statements	
13	Significant changes in provider reimbursement methodologies	
14	Non-operating income/loss amounts	
15	Other Recovery amounts reported on Line 18	
16	Allocation methodologies used for categorical profitability statements	

2.04 Schedules D – M: Quarterly profitability by population groups

These reports are meant to provide detailed information on revenues and expenses pertaining to the Contractor for the current quarter for the populations selected by DHH. Schedule D is automatically calculated from the region-based profitability reports (income statements). Schedule E through M report the results by region and should be reported based on the member's place of residence. The table below lists the population groups and associated data elements that help define each group for reporting purposes.

Population category	Aid Category	Rate Code
SSI 0–2 Months M/F	01	01C
SSI 3–11 Months M/F	01	02C
SSI 1–5 M/F	01	03C
SSI 6–13 M/F	01	04C
SSI 14–18 M/F	01	05C
SSI 19–44 M/F	01	06C
SSI 45+ M/F	01	07C
Family and Children 0–2 Months M/F	02	01C
Family and Children 3–11 Months M/F	02	02C
Family and Children 1–5 M/F	02	03C
Family and Children 6–13 M/F	02	04C
Family and Children 14–18 Female	02	05F
Family and Children 14–18 Male	02	05M
Family and Children 19–44 Female	02	06F
Family and Children 19–44 Male	02	06M
Family and Children 45+ Female	02	07F
Family and Children 45+ Male	02	07M
Foster Care Children All Ages	03	FLL
Breast and Cervical Cancer, F All ages	04	BLL
LaCHIP Affordable Plan	05	LLL
HCBS 18 and under	06	H01
HCBS 19 and over	06	H02

Region	Region Code
New Orleans	01
Baton Rouge	02
Thibodaux	03
Lafayette	04
Lake Charles	05
Alexandria	06
Shreveport	07
Monroe	08
Mandeville	09

2.05 Schedule N: Investments report

List all investments, short-term and long-term, that are included in the balance sheet, lines 2 and 12. The investment description should include the name of the issuer of the security or instrument. The investments should be separated by type (i.e., bond, stock, etc.). Investments not included in any of the specified types listed in the report should be included in "other" within line 3 of Schedule N, and described in the footnotes, Schedule C.

Restricted investments or those pledged to meet any DHH or DOI statutory deposit requirement should not be included in this schedule. These investments should be included in line numbers 10 and 11 of the balance sheet.

2.06 Schedule O: Provider group receivable/payable report

Report any provider group receivable/payable amounts on this schedule by provider name. Include the end-of-period risk. The ending balance for participants should agree to the balance sheet – Line 7 (if receivable) and Line 27 (if payable).

2.07 Schedule P: Other assets report

Include all other assets (current and non-current) in the appropriate categories provided. List all assets greater than 5% of total other assets separately. The ending balances for current assets should agree to Line 8 and non-current assets to Line 14 of the balance sheet.

2.08 Schedule Q: Accounts Payable Aging report

Accounts Payable are to be reported by the appropriate expense (i.e., subcontractor or vendor) and aging (i.e., 1 – 30 days, 31 – 60 days, 61 – 90 days, 91 – 120 days and greater than 120 days). Any late payment interest penalty payments should be listed next to the vendor for which payments were made. The total reported on line 45 of Schedule Q must tie to Line 25 of the balance sheet.

2.09 Schedule R: Other Liabilities

List all other current and non-current liabilities not reported on Schedules Q and S. The totals should equal the amounts reported on the balance sheet, lines 31 and 35.

2.09 Schedule S: Long-term debt report

List all loans, notes payable and capital lease obligations by lender, as well as by current and long-term portions of outstanding principle, at the end of the quarter (exclude debt to affiliates; this is to be reported on the due (to) from affiliates lines of the balance sheet). The totals should equal the amounts reported on the balance sheet, lines 28 and 33.

2.10 Schedule T: Utilization report

The Contractor shall submit a summary of utilization during the current quarter. The data should be reported based upon paid claims data as reported back to the Contractor from the Medicaid fiscal agent. Input areas are highlighted in red where data should be entered including the quarterly member months.

Discharges, days, visits and quantities should be reported on a paid basis for the quarter being reported. Hospitalization claims are only reported once the Contractor receives the actual discharged claim from the Medicaid fiscal agent. In addition, all days associated with the discharge are reported in the quarterly report with the discharged claim. If the hospital stay spans multiple quarters, this will require the Contractor to include days from a previous quarter. See the table that follows for specific instructions for calculation of days and interim bills.

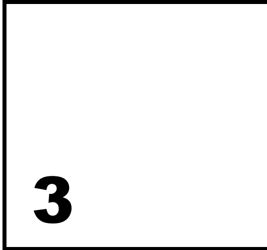
Service measure	Measure	Type of utilization/ proxy for	Definitions
Hospitalization	Days	Quantity/days	Days are calculated as follows: Number of days between admit and discharge date. (Exclude discharge date and denied days. Include admit day). If dates are equal, inpatient day is counted as one (1). Discharges and days counted should be related to all paid days of service for each discharge that was reported as paid back to the Contractor that occurred in the reporting period. All days associated with a discharge, should be reported in the quarterly report in which the plan receives the discharge claim from the Medicaid fiscal agent. This will require the Contractor to include days from prior quarters that are associated with the reported discharge. In addition, days associated with interim bills will be excluded until the related discharge is reported with a paid claim from the Medicaid fiscal agent. This will require the Contractor to ignore interim billed claims until the discharge is reported. It may also require the Contractor to construct the entire length of stay from multiple interim billed claims to ensure the total days are reported with the discharge.
Outpatient and Physician services	Visits	Quantity/services	This measure summarizes utilization of outpatient services and observation room stays that result in discharge. Each reported visit to an emergency department that does not result in an admission should be counted once, regardless of the intensity of care required during the stay or the length of stay. Patients admitted to the hospital from the emergency department should not be included in counts of visits. Visits to urgent care centers should be counted. For Physician and related services, a visit is defined as one or more professional contacts between a patient and a unique service provider on a unique date of service.

2.11 Schedule U: FQHC and Rural health clinic payment report

List PCP case management or incentive payments made to Federally Qualified Health Centers (FQHCs) and Rural health clinics (RHCs) in the report. Identify the center or clinic name in Column B and reflect the entity type in Column C. If additional space is needed, provide a supplemental schedule with the same information requirements.

2.12 Schedule V: Fraud and abuse activity

List all new, active and closed fraud and abuse cases for the quarter. Include the provider name and/or case ID number. Indicate with a Y if the case is new, active or closed. The total recovered amounts should agree to Line 16 of the Income Statement. Do not include member specific names or identification numbers on the schedule.



Annual audit reporting requirements

Audited financial statements are a necessary component of this reporting package. They provide additional auditor insight that may be meaningful to DHH. Audits must be prepared using GAAP for the calendar year end by Contractors. In addition to the annual audited financial statements, a reconciliation of the Contractor's final year-to-date quarterly financial statements to the draft annual audited statements must be submitted with the draft audited statements. This reconciliation schedule must also be submitted with the final audited statements. Any footnotes or supplemental schedules that are impacted by draft or final audit adjustments must be resubmitted to agree to the audited amounts in the draft and final audit and resubmitted with these reports.

Please note that DHH recognizes an annual GAAP audit for Contractors that conduct other lines of business or maintain other assets within the Contractor’s Louisiana corporate legal structure, which may be an issue. In the event such an issue arises, DHH will work with the Contractor to determine an alternative approach that meets the monitoring and program evaluation needs of DHH. This may include but not be limited to agreed upon procedures for the reports contained within this Guide.

3.01 Schedule W: Parent company audited financial statements

Insert the final audited parent company financial statements into this tab within 120 days after year end. Preferably, this can be accomplished by embedding the final balance sheet in PDF format.

3.02 Schedule X: Contractor financial statements

Insert the draft audited financial statements, including final management letter and report of internal controls, within this tab within 90 days after year end. Insert the final audited financial statements 120 days after year end. Preferably, this can be accomplished by embedding the final audited financial statements in PDF format.

3.03 Schedule Y: Annual balance sheet reconciliation report

Any changes from the draft and final audited balance sheet from the 4th Quarter YTD draft quarterly submission schedules should be reconciled within this report. The 4th Quarter Balance Sheet, Schedule A and any other asset/liability reporting schedules should be updated to reflect the final audited amounts.

3.04 Schedule Z: Annual income statements reconciliation report

Any changes from the draft and final audited income statements from the 4th Quarter YTD quarterly submission schedules should be reconciled within this report. If revenue or expense adjustments are made, the Income statement, profitability schedules and any other expense related schedule should be updated to reflect the final audited amounts.

3.05 Schedule AA: Annual audit entries

This schedule should list annual audit entries, if applicable, with an explanation of each entry.

3.06 Schedule AB: Supplemental working area

This schedule should be used by Contractors for their own working purposes or as a supplemental reference area for quarterly or annual financial statement footnote disclosures.

Appendix A

Annual financial disclosures and related party transactions

Appendix A is a separate Word document of financial disclosure requirements that must be reported by the Contractor at year end. The schedule is in three sections including financial statement disclosures, related party transactions and supplemental information requests. The supplemental information requests may be inserted in either Appendix A, the supplemental working area on Schedule AB or a clearly labeled separate attachment.