

VIRGINIA ACTS OF ASSEMBLY -- 1995 RECONVENED SESSION

CHAPTER 765

An Act to amend and reenact §§ 9-158 and 9-160 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 9-158.1, relating to the Virginia Health Services Cost Review Council.

[H 2294]

Approved April 6, 1995

Be it enacted by the General Assembly of Virginia:

1. That §§ 9-158 and 9-160 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 9-158.1 as follows:

§ 9-158. Uniform reporting regulations.

A. The Council shall establish by regulation a uniform system of financial reporting by which health care institutions shall report their revenues, expenses, other income, other outlays, assets and liabilities, units of service and related statistics. In determining the effective date for reporting requirements, the Council shall be mindful both of the immediate need for uniform health care institutions' reporting information to effectuate the purposes of this article and the administrative and economic difficulties which health care institutions may encounter in complying, but in no event shall such effective date be later than two and one-half years from the date of the formation of the Council.

B. In establishing such uniform reporting procedures, the Council shall take into consideration:

1. Existing systems of accounting and reporting presently utilized by health care institutions;
2. Differences among health care institutions according to size, age, financial structure, methods of payment for services, and scope, type and method of providing services;
3. Other pertinent distinguishing factors; *and*
4. ~~Data and forms presently used by other state agencies receiving similar information from hospitals and nursing homes, in order to eliminate duplicate reporting of data and reduce the administrative burden of compliance to the minimum; and~~

~~5. Methods to minimize the financial impact and administrative burdens on all providers.~~

C. The Council, where appropriate, shall provide for modification consistent with the purposes of this article, of reporting requirements to reflect correctly these differences among health care institutions and to avoid otherwise unduly burdensome costs in meeting the requirements of the uniform system of financial reporting.

§ 9-158.1. Duplicative and unnecessary reporting to be eliminated.

The Virginia Health Services Cost Review Council, the Virginia Department of Health, and the Virginia Department of Medical Assistance Services shall establish an interagency committee, which shall include representatives of affected health care institutions, to eliminate duplicative and unnecessary health care institution reporting requirements by revising and standardizing health care data reporting for cross-agency use. The revised reporting requirements shall be implemented by January 1, 1996.

§ 9-160. Continuing analysis, publication, etc.

A. The Council shall:

1. Undertake financial analyses and studies relating to health care institutions.
2. Publish and disseminate information relating to health care institutions' costs and charges.
3. Survey all health care institutions, *except nursing homes or certified nursing facilities*, that report to the Council or any corporation that controls health care institutions to determine the extent of related party transactions and commercial diversification by such health care institutions in the Commonwealth. The survey shall be in a form and manner prescribed by the Council and shall request the following information:
 - a. The name and principal activity;
 - b. The date of the affiliation;
 - c. The nature of the affiliation;
 - d. The method by which each affiliate was acquired or created;
 - e. The tax status of each affiliate and, if tax-exempt, its Internal Revenue tax exemption code number;
 - f. The total assets;
 - g. The total revenues;
 - h. The net profit after taxes or, if not-for-profit, its excess revenues;
 - i. The net equity or, if not-for-profit, its fund balance; and
 - j. Information regarding related party transactions.

As a part of this survey, each health care institution that reports to the Council or any corporation which controls a health care institution that reports to the Council shall submit audited consolidated

financial statements and consolidating financial schedules to the Council which include its total assets, liabilities, revenues, expenses, and net worth.

The survey shall include the required information for all affiliates in which the health care institution or any corporation which controls a health care institution has a twenty-five percent or greater ownership interest. The Council may, by regulation, exempt certain types of required information and certain classes of affiliates. Information regarding affiliates of organizations that do not have corporate headquarters in Virginia and that do no business in Virginia need not be provided.

The Council shall report the results of this survey by December 1 of each year to the General Assembly. This report shall be open to public inspection. Information filed pursuant to this subdivision shall not be subject to the provisions of § 2.1-342.

4. Provide information concerning costs and charges to the public, including information about the relationship between aggregate costs and aggregate charges, in a form which consumers can use to compare costs and services in order to increase competition within the health care industry and contain health care costs.

5. Require every health care institution reporting to the Council, any corporation controlling any such health care institution, and each affiliate of the health care institution or corporation, to submit, if the health care institution, corporation, or affiliate is an organization exempt from taxes pursuant to § 501 (c) (3) of the Internal Revenue Code, a copy of the most recent federal information return (Form 990) which was filed on behalf of the institution, corporation, or affiliate together with all accompanying schedules that are required to be made available to the public by the Internal Revenue Service. Information regarding for-profit affiliates which do no business in Virginia need not be submitted.

B. The Council may require the furnishing of projected annual revenues and expenses of health care institutions, *except for nursing homes and certified nursing facilities*.

C. The Council shall prepare and may make public summaries and compilations or other supplementary reports based on the annual information filed with or made available to the Council.

D. The Council, in carrying out its responsibilities under this article, shall be cognizant of other programs which bear upon the operation of health care institutions including programs relating to health planning, licensing and utilization review. *In addition, the Council shall use existing data available from other state agencies to the greatest extent practicable.*

2. That the Virginia Health Services Cost Review Council shall promulgate regulations implementing the requirements of Article 1 (§ 9-156 et seq.) of Chapter 26 of Title 9 to be effective within 280 days or less from the date of enactment of this act.