

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT SCHEDULES**

**CHILDREN'S HOSPITAL AT MISSION
MISSION VIEJO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1699868398**

**FISCAL PERIOD ENDED
JUNE 30, 2011**

**Audits Section—Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Felipe Avila
Auditor: David Ellis**



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

Date: December 03, 2013

Hari Jeyakumar
Accounting Manager
Children's Hospital of Orange County
Commerce Tower
505 South Main Street, Fourth Floor
Orange, CA 92868-3874

CHILDREN'S HOSPITAL AT MISSION
NATIONAL PROVIDER IDENTIFIER (NPI) 1699868398
FISCAL PERIOD ENDED JUNE 30, 2011

We have examined the Rate Development Schedules for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code. The data for the schedules was obtained from provider records during a field audit.

In our opinion, the audited data presented in the Rate Development Schedules represents a proper determination of audited cost, patient days, and direct labor cost in accordance with applicable programs.

This audit report includes the:

1. Rate Development Schedules
2. Audit Adjustments Schedule

The results of this examination may be used to determine the Medi-Cal Peer Grouping Inpatient Reimbursement Limitation (PIRL) rate calculations. This will be determined by the Benefits, Waiver Analysis and Rates Division pursuant to California Code of Regulations (CCR), Title 22, Sections 51545 through 51556. These regulations may be viewed at www.oal.ca.gov.

Hari Jeyakumar
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If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME CHILDREN'S HOSPITAL AT MISSION
NPI 1699868398
FISCAL PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011
CONTRACT PERIOD N/A

	Noncontract Cost Services		Medi-Cal For Contract Services		Medi-Cal Total For Fiscal Period
<u>ACUTE CARE ONLY*</u>					
A. Medi-Cal Net Cost of Covered** Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Schedule 1, Line 1) (Adj 1)	\$ 5,113,428		\$		\$ 5,113,428
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 15,234		\$		\$ 15,234
C. Medi-Cal Inpatient Days (Adj 3) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	336				336
2. ICU	1,043				1,043
3. CCU					
4. Nursery					
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges*** (Adj)	N/A		N/A		
E. Total Medi-Cal Discharges*** (Adj 4)					196
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 5)	\$ 15,107,840		\$		\$ 15,107,840

* Data for NF or Administrative Days are not included.

** The Audited Net Cost of Covered Services is Net of Deductibles and Coinsurance and is from a source different than used on the filed report.

*** Data for newborns that were born in the hospital are not included.

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	CHILDREN'S HOSPITAL AT MISSION
NPI	1699868398
FISCAL PERIOD	JULY 1, 2010 THROUGH JUNE 30, 2011
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj)	8810 - 8813, and/or .71, .72, .73 and .74	\$	659,343
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	1,568,029
3. Interest Expense: (Adj)	8860, 8870	\$	
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	15,595
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	322,831
B. GROSS OPERATING EXPENSES (Adj 6)	Sch 10, line 200, col. 3	\$	44,872,605
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj)	.20	\$	1,002,796
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	3,685
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	8,382,327
2. Employee Benefits	.10 - .19, .92, .96	\$	3,306,342
3. Other Professional Fees	.21 - .29	\$	374,827
4. Purchased Services	.61 - .69	\$	29,893,409
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	109,619

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	CHILDREN'S HOSPITAL AT MISSION
NPI	1699868398
FISCAL PERIOD	JULY 1, 2010 THROUGH JUNE 30, 2011
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj)			
a. Productive Salaries	.00	\$	2,345,491
b. Productive Hours			41,304.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	486,601
b. Productive Hours			11,885.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	5,193,271
b. Productive Hours			109,370.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	19,217
b. Productive Hours			803.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	7,218
b. Productive Hours			475.00
6. Physicians (Salaried) (Adj)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj)			
a. Productive Salaries	.08	\$	
b. Productive Hours			
8. Environmental and Food Services (Adj)			
a. Productive Salaries	.06	\$	
b. Productive Hours			
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	330,530
b. Productive Hours			16,762.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	1,067,945
b. Nonproductive Hours	Report or Provider W/P		29,831.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>8,382,328</u>
2. Productive Hours (lines A1b - A10b)			<u>180,599.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>9,450,273</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>210,430.00</u>

Provider Name				Fiscal Period		NPI	Adjustments
CHILDREN'S HOSPITAL AT MISSION				JULY 1, 2010 THROUGH JUNE 30, 2011		1699868398	6
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
<u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 5,201,549	\$ (88,121)	\$ 5,113,428
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 14,683	\$ 551	\$ 15,234
3	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	1,007	36	1,043
4	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	245	(49)	196
5	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 14,664,902	\$ 442,938	\$ 15,107,840
6	1	4	G	Gross Operating Expenses—Noncontract	\$ 48,522,040	\$ (3,649,435)	\$ 44,872,605
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider's records. CCR, Title 22, Section 51536			