

**REPORT  
ON THE AUDIT OF  
RATE DEVELOPMENT SCHEDULES  
ENCINO HOSPITAL MEDICAL CENTER  
ENCINO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1437322377  
FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Henry Kwan  
Auditor: Tricia Sugioka**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 3, 2013

Kanner Tillman, CFO  
Sherman Oaks and Encino Hospitals  
5000 Van Nuys Boulevard, Suite 325  
Sherman Oaks, California 91403

ENCINO HOSPITAL MEDICAL CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1437322377  
FISCAL PERIOD ENDED DECEMBER 31, 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 limited review.

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 Fee-For-Service Rates Development Division pursuant to California Code of Regulations (CCR), Title 22, Sections 51545 through 51556. These regulations may be viewed at [www.oal.ca.gov](http://www.oal.ca.gov).

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—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

cc: Jeffrey N. Brown, CEO  
Hospital Management Services  
211 East Imperial Highway, Suite 102  
Fullerton, California 92835



**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>ENCINO HOSPITAL MEDICAL CENTER</b>
<b>NPI</b>	<b>1437322377</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2011 THROUGH DECEMBER 31, 2011</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense: (Adj )	8810 - 8813, and/or .71, .72, .73 and .74	\$	1,760,938
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	277,066
3. Interest Expense: (Adj 7)	8860, 8870	\$	74
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	3,019,929
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	905,113
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	333,524
<b>B. GROSS OPERATING EXPENSES</b> (Adj 8)	C/R W/S A, line 101, col. 3	\$	42,491,097
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	-
2. Professional Fees (Adj )	.20	\$	288,258
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	\$	689,585
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	242,702
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	22,266,406
2. Employee Benefits	.10 - .19, .92, .96	\$	5,353,594
3. Other Professional Fees (Adj 9)	.21 - .29	\$	123,037
4. Purchased Services	.61 - .69	\$	4,216,056
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	2,226,887
6. Other Direct Operating Expense	.85 - .90	\$	-

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>ENCINO HOSPITAL MEDICAL CENTER</b>
<b>NPI</b>	<b>1437322377</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2011 THROUGH DECEMBER 31, 2011</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj 10)			
a. Productive Salaries	.00	\$	2,007,546
b. Productive Hours			44,195
2. Technicians and Specialists (Adj 11)			
a. Productive Salaries	.01	\$	5,761,412
b. Productive Hours			170,500
3. Registered Nurses (Adj 12)			
a. Productive Salaries	.02	\$	8,024,131
b. Productive Hours			147,483
4. Licensed Vocational Nurses (Adj 13)			
a. Productive Salaries	.03	\$	1,408,006
b. Productive Hours			46,728
5. Aides and Orderlies (Adj 14)			
a. Productive Salaries	.04	\$	1,270,295
b. Productive Hours			65,036
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 15)			
a. Productive Salaries	.06	\$	248,045
b. Productive Hours			15,702
9. Clerical and Other Administrative (Adj 16)			
a. Productive Salaries	.05	\$	1,637,390
b. Productive Hours			92,261
10. Other Salaries and Wages (Adj 17)			
a. Productive Salaries	.09	\$	-
b. Productive Hours			-
11. All Nonproductive Salaries and Wages (Adj 18)			
a. Nonproductive Salaries	Labor Distribution	\$	1,910,499
b. Nonproductive Hours	Report or Provider W/P		58,998
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a) (Adj 19)		\$	<u>20,356,825</u>
2. Productive Hours (lines A1b - A10b) (Adj 20)			<u>581,905</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 21)</b>		<b>\$</b>	<b><u>22,267,324</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2) (Adj 22)</b>			<b><u>640,903</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
ENCINO HOSPITAL MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1437322377	22	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 549,724	\$ 249,850	\$ 799,574
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ (23,232)	\$ 58,339	\$ 35,107
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	168	(23)	145
4	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract	4	55	59
5	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	97	6	103
6	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 3,009,223	\$ 839,844	\$ 3,849,067
7	2	4	A 3	Interest Expense	\$ 0	\$ 74	\$ 74
8	2	4	B	Gross Operating Expenses	\$ 0	\$ 42,491,097	\$ 42,491,097
9	2	4	F 3	Direct Operating—Other Professional Fees	\$ 365,316	\$ (242,279)	\$ 123,037
10	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 4,112,889	\$ (2,105,343)	\$ 2,007,546
	3	5	A 1 b	Management and Supervision—Productive Hours	75,096	(30,901)	44,195
11	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 22,988,000	\$ (17,226,588)	\$ 5,761,412
	3	5	A 2 b	Technicians and Specialists—Productive Hours	766,128	(595,628)	170,500
12	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 39,127,864	\$ (31,103,733)	\$ 8,024,131
	3	5	A 3 b	Registered Nurses—Productive Hours	919,986	(772,503)	147,483

Provider Name				Fiscal Period	NPI	Adjustments	
ENCINO HOSPITAL MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1437322377	22	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
13	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 1,916,049	\$ (508,043)	\$ 1,408,006
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	70,486	(23,758)	46,728
14	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 4,182,478	\$ (2,912,183)	\$ 1,270,295
	3	5	A 5 b	Aides and Orderlies—Productive Hours	231,392	(166,356)	65,036
15	3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 0	\$ 248,045	\$ 248,045
	3	5	A 8 b	Environmental and Food Services—Productive Hours	0	15,702	15,702
16	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 5,308,847	\$ (3,671,457)	\$ 1,637,390
	3	5	A 9 b	Clerical and Other Administrative—Productive Hours	243,615	(151,354)	92,261
17	3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 3,600,000	\$ (3,600,000)	\$ -
18	3	5	A 11	Nonproductive Salaries and Wages	\$ 7,910,863	\$ (6,000,364)	\$ 1,910,499
	3	5	A 11	Nonproductive Hours	254,600	(195,602)	58,998
19	3	5	B 1	Subtotal Productive Salaries	\$ 81,236,127	\$ (60,879,302)	\$ 20,356,825
20	3	5	B 2	Subtotal Productive Hours	2,306,703	(1,724,798)	581,905
21	3	5	C	Total Productive and Nonproductive Salaries	\$ 89,146,990	\$ (66,879,666)	\$ 22,267,324
22	3	5	D	Total Productive and Nonproductive Hours	2,561,303	(1,920,400)	640,903
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			