

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

**CHINO VALLEY MEDICAL CENTER
CHINO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1962407460**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: Kristine Lim**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 17, 2013

Martin Mansukhani
Chief Financial Officer
Inland Valley Regional of Prime Healthcare
3300 East Guasti Road, 2nd Floor
Ontario, CA 91761

CHINO VALLEY MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1962407460
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 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 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.

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

Martin Mansukhani
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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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Pete Lou, Controller
Inland Valley Regional
Chino Valley Medical Center

Jeffrey Brown
Chief Executive Officer
Hospital Management Services
211 East Imperial Highway, Suite 102
Fullerton, CA 92835

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	CHINO VALLEY MEDICAL CENTER
NPI	1962407460
FISCAL PERIOD	JANUARY 1, 2011 THROUGH DECEMBER 31, 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)	\$ 7,802,163	\$	\$ 7,802,163
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 198,663	\$	\$ 198,663
C. Medi-Cal Inpatient Days (Adjs 3-4) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	2,708.50		2,708.50
2. ICU	385.75		385.75
3. CCU			
4. Nursery			
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges **	N/A	N/A	6,444
E. Total Medi-Cal Discharges** (Adj 5)	1,046		1,046
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 6)	\$ 30,945,158	\$	\$ 30,945,158

* Data for NF or Administrative Days are not included.

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

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	CHINO VALLEY MEDICAL CENTER
NPI	1962407460
FISCAL PERIOD	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	2,166,603
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	9,874,678
3. Interest Expense: (Adj 7)	8860, 8870	\$	1,529,999
4. Property Taxes and License Fees:	8850 and/or .83	\$	2,116,806
5. Utility Expense:	.77, .78, .79, and .80	\$	933,184
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,630,701
B. GROSS OPERATING EXPENSES (Adj 8)	Sch 10, line 200, col. 3	\$	57,057,440
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj 9)	.20	\$	793,778
D. PHARMACY NONLABOR EXPENSE	8390.37 and 8390.38	\$	1,039,955
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	\$	232,153
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	24,792,862
2. Employee Benefits	.10 - .19, .92, .96	\$	8,630,334
3. Other Professional Fees	.21 - .29	\$	2,188,077
4. Purchased Services	.61 - .69	\$	14,104,239
5. Supplies	.31 - .36, .39 - .41 .44-.50, .93,.97	\$	4,717,340

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	CHINO VALLEY MEDICAL CENTER
NPI	1962407460
FISCAL PERIOD	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj)			
a. Productive Salaries	.00	\$	2,260,283
b. Productive Hours			43,692.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	5,451,116
b. Productive Hours			168,867.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	10,079,664
b. Productive Hours			262,938.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	466,288
b. Productive Hours			21,477.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	1,201,712
b. Productive Hours			94,758.00
6. Physicians (Salaried) (Adj)			
a. Productive Salaries	.07	\$	1,116,790
b. Productive Hours			47,408.00
7. Nonphysician Medical Practitioners (Adj)			
a. Productive Salaries	.08	\$	-
b. Productive Hours			
8. Environmental and Food Services (Adj)			
a. Productive Salaries	.06	\$	870,979
b. Productive Hours			70,151.00
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	2,813,440
b. Productive Hours			179,255.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	532,649
b. Productive Hours			37,323.00
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	2,401,506
b. Nonproductive Hours	Report or Provider W/P		93,505.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>24,792,921</u>
2. Productive Hours (lines A1b - A10b)			<u>925,869.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>27,194,427</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>1,019,374.00</u>

Provider Name				Fiscal Period	NPI	Adjustments	
CHINO VALLEY MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1962407460	13	
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	\$ 8,095,037	\$ (292,874)	\$ 7,802,163
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ (180,577)	\$ 379,240	\$ 198,663
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	2,295.00	413.50	2,708.50
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	322.00	63.75	385.75
5	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	1,034	12	1,046
6	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 0	\$ 30,945,158	\$ 30,945,158
7	2	4	A 3	Interest Expense	\$ 0	\$ 1,529,999	\$ 1,529,999
8	2	4	B	Gross Operating Expenses	\$ 0	\$ 57,057,440	\$ 57,057,440
9	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 0	\$ 793,778	\$ 793,778
10	2	4	F 1	Direct Operating—Salaries and Wages	\$ 0	\$ 24,792,862	\$ 24,792,862
11	2	4	F 2	Direct Operating—Employee Benefits	\$ 76,007	\$ 8,554,327	\$ 8,630,334
12	2	4	F 3	Direct Operating—Other Professional Fees	\$ 1,258,788	\$ 929,289	\$ 2,188,077
13	2	4	F 4	Direct Operating—Purchased Services	\$ 14,116,690	\$ (12,451)	\$ 14,104,239

Provider Name				Fiscal Period	NPI	Adjustments	
CHINO VALLEY MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1962407460	13	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			