

**REPORT  
ON THE  
COST REPORT REVIEW**

**KINDRED HOSPITAL - BREA  
BREA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1780768416**

**FISCAL PERIOD ENDED  
AUGUST 31, 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: Lang Doan**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

November 26, 2013

Emily K. Dolle  
Corporate Manager of Reimbursement  
Kindred Healthcare, Inc.  
680 S. Fourth Street  
Louisville, KY 40202

KINDRED HOSPITAL - BREA  
NATIONAL PROVIDER IDENTIFIER (NPI) 1780768416  
FISCAL PERIOD ENDED AUGUST 31, 2011

We have examined the provider's Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and was limited to a review of the cost report and accompanying financial statements, Medi-Cal payment data reports, prior fiscal period's Medi-Cal program audit report, and Medicare audit report for the current fiscal period, if applicable and available.

In our opinion, the audited settlement for the fiscal period due the provider in the amount of \$111,143 presented in the Summary of Findings represents a proper determination in accordance with the reimbursement principles of applicable programs.

This audit report includes the:

1. Summary of Findings
2. Computation of Medi-Cal Reimbursement Settlement (NONCONTRACT Schedules)
3. Computation of Medi-Cal Reimbursement Settlement (AB 5 Schedules)
4. Computation of Distinct Part Nursing Facility Per Diem (DPNF Schedules)
5. Audit Adjustments Schedule

The audited settlement will be incorporated into a Statements of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider,

and other financial transactions initiated by the Department. The Statements of Account Status will be forwarded to the provider by the State fiscal intermediary. Instructions regarding payment will be included with the Statements of Account Status.

Future long-term care prospective rates may be affected by this examination. The extent of the rate changes will be determined by the Department's Medi-Cal Benefits, Waiver Analysis and Rates Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

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.

Emily K. Dolle  
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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

**SUMMARY OF FINDINGS**

**Provider Name:**  
**KINDRED HOSPITAL - BREA**

**Fiscal Period Ended:**  
**AUGUST 31, 2011**

		SETTLEMENT	COST
<b>1. Medi-Cal Noncontract Settlement (SCHEDULE 1)</b> <b>Provider NPI: 1780768416</b>	Reported	\$ 59,775	
	Net Change	\$ 51,368	
	Audited Amount Due Provider (State)	\$ 111,143	
<b>2. Subprovider I (SCHEDULE 1-1)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>3. Subprovider II (SCHEDULE 1-2)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>4. Medi-Cal Contract Cost (CONTRACT SCH 1)</b> <b>Provider NPI:</b>	Reported		\$ 0
	Net Change		\$ 0
	Audited Cost		\$ 0
	Audited Amount Due Provider (State)	\$ 0	
<b>5. Distinct Part Nursing Facility (DPNF SCH 1)</b> <b>Provider NPI: 1780768416</b>	Reported		\$ 584.83
	Net Change		\$ (13.96)
	Audited Cost Per Day		\$ 570.87
	Audited Amount Due Provider (State)	\$ 0	
<b>6. Distinct Part Nursing Facility (DPNF SCH 1-1)</b> <b>Provider NPI:</b>	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
<b>7. Adult Subacute (ADULT SUBACUTE SCH 1)</b> <b>Provider NPI:</b>	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
<b>8. Total Medi-Cal Settlement</b> <b>Due Provider (State) - (Lines 1 through 7)</b>		\$ 111,143	
<b>9. Total Medi-Cal Cost</b>			\$ 0

**SUMMARY OF FINDINGS**

**Provider Name:**  
**KINDRED HOSPITAL - BRE A**

**Fiscal Period Ended:**  
**AUGUST 31, 2011**

		SETTLEMENT	COST
<b>10. Subacute (SUBACUTE SCH 1-1)</b> <b>Provider NPI:</b>	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
<b>11. Rural Health Clinic (RHC SCH 1)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>12. Rural Health Clinic (RHC 95-210 SCH 1)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>13. Rural Health Clinic (RHC 95-210 SCH 1-1)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>14. County Medical Services Program (CMSP SCH 1)</b> <b>Provider NPI:</b>	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
<b>15. Transitional Care (TC SCH 1)</b> <b>Provider NPI:</b>	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
<b>16. Total Other Settlement</b> <b>Due Provider - (Lines 10 through 15)</b>		\$ 0	
<b>17. Total Combined Audited Settlement Due</b> <b>Provider (State/CMSP/RHC) - (Line 8 + Line 16)</b>		\$ 111,143	

## COMPUTATION OF MEDI-CAL REIMBURSEMENT SETTLEMENT

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

Provider NPI:  
1780768416

		REPORTED	AUDITED
1. Net Cost of Covered Services Rendered to Medi-Cal Patients (Schedule 3)		\$ <u>138,949</u>	\$ <u>319,016</u>
2. Excess Reasonable Cost Over Charges (Schedule 2)		\$ <u>0</u>	\$ <u>0</u>
3. Medi-Cal Inpatient Hospital Based Physician Services		\$ <u>0</u>	\$ <u>N/A</u>
4.	\$	\$ <u>0</u>	<u>0</u>
5. TOTAL COST-Reimbursable to Provider (Lines 1 through 4)		\$ <u>138,949</u>	\$ <u>319,016</u>
6. Interim Payments (Adj 8)		\$ <u>(79,174)</u>	\$ <u>(190,058)</u>
7. Balance Due Provider (State)		\$ <u>59,775</u>	\$ <u>128,958</u>
8. Duplicate Payments (Adj )		\$ <u>0</u>	\$ <u>0</u>
9. Total Noncontract AB 5 and AB 1183 Reductions (Adj 1)		\$ <u>0</u>	\$ <u>(17,815)</u>
10.	\$	<u>0</u>	<u>0</u>
11. TOTAL MEDI-CAL SETTLEMENT Due Provider (State)		\$ <u><u>59,775</u></u>	\$ <u><u>111,143</u></u>
			(To Summary of Findings)

COMPUTATION OF MEDI-CAL REIMBURSEMENT SETTLEMENT  
AB 5 and AB 1183 - SUMMARY OF REDUCTIONSProvider Name:  
KINDRED HOSPITAL - BREAFiscal Period Ended:  
December 31, 2010Provider No.  
1780768416

1. 10% Reduction to Noncontract Services for 07/01/08 Through 9/30/08 (SCHEDULE A-1)	\$ <u>0</u>
2. Reduction to Noncontract Services for 10/01/08 Through 04/05/09 (SCHEDULE A-2)	<u>0</u>
3. 10% Reduction to Noncontract Services for 04/06/09 Through 04/12/11 (SCHEDULE A-3)	<u>17,815</u>
4. 10% Reduction to HFPAs < 3 Hospitals for 07/01/08 Through 04/12/11 (SCHEDULE A-4)	<u>0</u>
5. 10% Reduction to Rural Health Hospitals for 07/01/08 Through 10/31/08 (SCHEDULE A-5)	<u>0</u>
6. 10% Reduction to Rural Health Hospitals for 07/01/09 Through 02/23/10 (SCHEDULE A-6)	<u>0</u>
7. Total Noncontract AB 5 AND AB 1183 Reductions	\$ <u><u>17,815</u></u> (To Schedule 1, Line 9)

**COMPUTATION OF MEDI-CAL REIMBURSEMENT SETTLEMENT**  
**AB 5 - 10% REDUCTION TO SERVICES FROM APRIL 6, 2009 THROUGH April 12, 2011 - NONCONTRACT HOSPITALS**

**Provider Name:**  
**KINDRED HOSPITAL - BREA**

**Fiscal Period Ended:**  
**December 31, 2010**

**Provider No.**  
**1780768416**

**Audited Medi-Cal Cost Per Day**

1. Medi-Cal Cost of Covered Services (Schedule 3, Line 8)	\$ <u>338,489</u>
2. Less: Medi-Cal Administrative Day Cost (Schedule 4A, Lines 28 and 31)	<u>                    </u>
3. Less: Medi-Cal Administrative Ancillary Cost (Schedule A-7)	<u>                    </u>
4. Total Medi-Cal Cost of Covered Services Subject to Reductions(Line 1 - Lines 2 and 3)	\$ <u><u>338,489</u></u>
5. Total Audited Medi-Cal Days (Schedules 4, 4A and 4B, excludes Administrative Days)	<u><u>266</u></u>
6. Audited Medi-Cal Cost Per Day (Line 4 / Line 5)	\$ <u><u>1,272.52</u></u>

**AB 5 - 10 % Cost Reduction For Services From 04/06/09 Through 04/12/11**

7. Audited Medi-Cal Days of Service from 04/06/09 Through 04/12/11(excludes Administrative Days)	<u>140</u>
8. Audited Medi-Cal Cost For 04/06/09 Through 04/12/11(Line 6 * Line 7)	\$ <u>178,152</u>
9. AB 5 - 10% Cost Reduction for 04/06/09 Through 04/12/11 (Line 8 * 10%)	\$ <u><u>17,815</u></u> (To Schedule A, Line 3)

COMPUTATION OF LESSER OF  
MEDI-CAL REASONABLE COST OR CUSTOMARY CHARGESProvider Name:  
KINDRED HOSPITAL - BREAFiscal Period Ended:  
AUGUST 31, 2011Provider NPI:  
1780768416

REPORTED

AUDITED

## REASONABLE COST OF MEDI-CAL INPATIENT SERVICES

1. Cost of Covered Services (Schedule 3) \$ 143,230 \$ 338,489

## CHARGES FOR MEDI-CAL INPATIENT SERVICES

2. Inpatient Routine Service Charges (Adj 6) \$ 245,800 \$ 536,4833. Inpatient Ancillary Service Charges (Adj 6) \$ 398,823 \$ 871,3244. Total Charges - Medi-Cal Inpatient Services \$ 644,623 \$ 1,407,8075. Excess of Customary Charges Over Reasonable Cost  
(Line 4 minus Line 1) \* \$ 501,393 \$ 1,069,3186. Excess of Reasonable Cost Over Customary Charges  
(Line 1 minus Line 4) \$ 0 \$ 0

(To Schedule 1)

\* If charges exceed reasonable cost, no further calculation necessary for this schedule.

COMPUTATION OF  
MEDI-CAL NET COSTS OF COVERED SERVICESProvider Name:  
KINDRED HOSPITAL - BREAFiscal Period Ended:  
AUGUST 31, 2011Provider NPI:  
1780768416

	REPORTED	AUDITED
1. Medi-Cal Inpatient Ancillary Services (Schedule 5)	\$ 66,706	\$ 171,642
2. Medi-Cal Inpatient Routine Services (Schedule 4)	\$ 76,524	\$ 166,847
3. Medi-Cal Inpatient Hospital Based Physician for Intern and Resident Services (Sch )	\$ 0	\$ 0
4. \$ \$	0	0
5. \$ \$	0	0
6. SUBTOTAL (Sum of Lines 1 through 5)	\$ 143,230	\$ 338,489
7. Medi-Cal Inpatient Hospital Based Physician for Acute Care Services (Schedule 7)	\$ (See Schedule 1)	\$ 0
8. SUBTOTAL	\$ 143,230	\$ 338,489
	(To Schedule 2)	
9. Medi-Cal Deductible (Adj 8)	\$ 0	\$ (3,580)
10. Medi-Cal Coinsurance (Adj 8)	\$ (4,281)	\$ (15,893)
11. Net Cost of Covered Services Rendered to Medi-Cal Inpatients	\$ 138,949	\$ 319,016
	(To Schedule 1)	

COMPUTATION OF  
MEDI-CAL INPATIENT ROUTINE SERVICE COSTProvider Name:  
KINDRED HOSPITAL - BREAFiscal Period Ended:  
AUGUST 31, 2011Provider NPI:  
1780768416

## GENERAL SERVICE UNIT NET OF SWING-BED COSTS

REPORTED	AUDITED
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## INPATIENT DAYS

1. Total Inpatient Days (include private & swing-bed) (Adj )	13,681	13,681
2. Inpatient Days (include private, exclude swing-bed)	13,681	13,681
3. Private Room Days (exclude swing-bed private room) (Adj )	0	0
4. Semi-Private Room Days (exclude swing-bed) (Adj )	13,681	13,681
5. Medicare NF Swing-Bed Days through Dec 31 (Adj )	0	0
6. Medicare NF Swing-Bed Days after Dec 31 (Adj )	0	0
7. Medi-Cal NF Swing-Bed Days through July 31 (Adj )	0	0
8. Medi-Cal NF Swing-Bed Days after July 31 (Adj )	0	0
9. Medi-Cal Days (excluding swing-bed) (Adj 5)	115	227

## SWING-BED ADJUSTMENT

17. Medicare NF Swing-Bed Rates through Dec 31 (Adj )	\$ 0.00	\$ 0.00
18. Medicare NF Swing-Bed Rates after Dec 31 (Adj )	\$ 0.00	\$ 0.00
19. Medi-Cal NF Swing-Bed Rates through July 31 (Adj )	\$ 0.00	\$ 0.00
20. Medi-Cal NF Swing-Bed Rates after July 31 (Adj )	\$ 0.00	\$ 0.00
21. Total Routine Serv Cost (Sch 8, Line 30, Col 27)	\$ 8,126,799	\$ 7,956,146
22. Medicare NF Swing-Bed Cost through Dec 31 (L 5 x L 17)	\$ 0	\$ 0
23. Medicare NF Swing-Bed Cost after Dec 31 (L 6 x L 18)	\$ 0	\$ 0
24. Medi-Cal NF Swing-Bed Cost through July 31 (L 7 x L 19)	\$ 0	\$ 0
25. Medi-Cal NF Swing-Bed Cost after July 31 (L 8 x L 20)	\$ 0	\$ 0
26. Total Swing-Bed Cost (Sum of Lines 22 to 25)	\$ 0	\$ 0
27. Inpatient Routine Cost Net of Swing-Bed (L 21 minus L 26)	\$ 8,126,799	\$ 7,956,146

## PRIVATE ROOM DIFFERENTIAL ADJUSTMENT

28. Gen Inpatient Routine Serv Charges (excl swing-bed charges)	\$ 29,606,901	\$ 29,606,901
29. Private Room Charges (excluding swing-bed charges)	\$ 0	\$ 0
30. Semi-Private Room Charges (excluding swing-bed charges)	\$ 29,606,901	\$ 29,606,901
31. Gen Inpatient Routine Service Cost/Charge Ratio (L 27 ÷ L 28)	\$ 0.274490	\$ 0.268726
32. Average Private Room Per Diem Charge (L 29 ÷ L 3)	\$ 0.00	\$ 0.00
33. Average Semi-Private Room Per Diem Charge (L 30 ÷ L 4)	\$ 2,164.09	\$ 2,164.09
34. Avg Per Diem Prvt Room Charge Differential (L 32 minus L 33)	\$ 0.00	\$ 0.00
35. Average Per Diem Private Room Cost Differential (L 31 x L 34)	\$ 0.00	\$ 0.00
36. Private Room Cost Differential Adjustment (L 35 x L 3)	\$ 0	\$ 0
37. Inpatient Rout Cost Net of Swing-Bed & Prvt Rm (L 27 minus L 36)	\$ 8,126,799	\$ 7,956,146

## PROGRAM INPATIENT OPERATING COST

38. Adjusted General Inpatient Routine Cost Per Diem (L 37 ÷ L 2)	\$ 594.02	\$ 581.55
39. Program General Inpatient Routine Service Cost (L 9 x L 38)	\$ 68,312	\$ 132,012
40. Cost Applicable to Medi-Cal (Sch 4A)	\$ 8,212	\$ 34,835
41. Cost Applicable to Medi-Cal (Sch 4B)	\$ 0	\$ 0
42. TOTAL MEDI-CAL ROUTINE COST (Sum of Lines 39,40 & 41)	\$ 76,524	\$ 166,847

( To Schedule 3 )

COMPUTATION OF  
MEDI-CAL INPATIENT ROUTINE SERVICE COST

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

Provider NPI:  
1780768416

SPECIAL CARE AND/OR NURSERY UNITS	REPORTED	AUDITED
<b>NURSERY</b>		
1. Total Inpatient Routine Cost (Sch 8, Line 43, Col 27)	\$ 0	\$ 0
2. Total Inpatient Days (Adj )	0	0
3. Average Per Diem Cost	\$ 0.00	\$ 0.00
4. Medi-Cal Inpatient Days (Adj )	0	0
5. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>INTENSIVE CARE UNIT</b>		
6. Total Inpatient Routine Cost (Sch 8, Line 31, Col 27)	\$ 1,275,529	\$ 1,248,710
7. Total Inpatient Days (Adj )	1,398	1,398
8. Average Per Diem Cost	\$ 912.40	\$ 893.21
9. Medi-Cal Inpatient Days (Adj 5)	9	39
10. Cost Applicable to Medi-Cal	\$ 8,212	\$ 34,835
<b>CORONARY CARE UNIT</b>		
11. Total Inpatient Routine Cost (Sch 8, Line 32, Col 27)	\$ 0	\$ 0
12. Total Inpatient Days (Adj )	0	0
13. Average Per Diem Cost	\$ 0.00	\$ 0.00
14. Medi-Cal Inpatient Days (Adj )	0	0
15. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>BURN INTENSIVE CARE UNIT</b>		
16. Total Inpatient Routine Cost (Sch 8, Line 33, Col 27)	\$ 0	\$ 0
17. Total Inpatient Days (Adj )	0	0
18. Average Per Diem Cost	\$ 0.00	\$ 0.00
19. Medi-Cal Inpatient Days (Adj )	0	0
20. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>SURGICAL INTENSIVE CARE UNIT</b>		
21. Total Inpatient Routine Cost (Sch 8, Line 34, Col 27)	\$ 0	\$ 0
22. Total Inpatient Days (Adj )	0	0
23. Average Per Diem Cost	\$ 0.00	\$ 0.00
24. Medi-Cal Inpatient Days (Adj )	0	0
25. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>OTHER SPECIAL CARE (SPECIFY)</b>		
26. Total Inpatient Routine Cost (Sch 8, Line 35, Col 27)	\$ 0	\$ 0
27. Total Inpatient Days (Adj )	0	0
28. Average Per Diem Cost	\$ 0.00	\$ 0.00
29. Medi-Cal Inpatient Days (Adj )	0	0
30. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>ADMINISTRATIVE DAYS</b>		
31. Per Diem Rate (Adj )	\$ 0.00	\$ 0.00
32. Medi-Cal Inpatient Days (Adj )	0	0
33. Cost Applicable to Medi-Cal	\$ 0	\$ 0
<b>ADMINISTRATIVE DAYS</b>		
34. Per Diem Rate (Adj )	\$ 0.00	\$ 0.00
35. Medi-Cal Inpatient Days (Adj )	0	0
36. Cost Applicable to Medi-Cal	\$ 0	\$ 0
37. Medi-Cal Routine Cost (Sum of Lines 5,10,15,20,25,28,31)	\$ 8,212	\$ 34,835

(To Schedule 4)

COMPUTATION OF  
MEDI-CAL INPATIENT ROUTINE SERVICE COSTProvider Name:  
KINDRED HOSPITAL - BREAFiscal Period Ended:  
AUGUST 31, 2011Provider NPI:  
1780768416

SPECIAL CARE UNITS	REPORTED	AUDITED
1. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
2. Total Inpatient Days (Adj )	0	0
3. Average Per Diem Cost	\$ 0.00	\$ 0.00
4. Medi-Cal Inpatient Days (Adj )	0	0
5. Cost Applicable to Medi-Cal	\$ 0	\$ 0
6. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
7. Total Inpatient Days (Adj )	0	0
8. Average Per Diem Cost	\$ 0.00	\$ 0.00
9. Medi-Cal Inpatient Days (Adj )	0	0
10. Cost Applicable to Medi-Cal	\$ 0	\$ 0
11. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
12. Total Inpatient Days (Adj )	0	0
13. Average Per Diem Cost	\$ 0.00	\$ 0.00
14. Medi-Cal Inpatient Days (Adj )	0	0
15. Cost Applicable to Medi-Cal	\$ 0	\$ 0
16. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
17. Total Inpatient Days (Adj )	0	0
18. Average Per Diem Cost	\$ 0.00	\$ 0.00
19. Medi-Cal Inpatient Days (Adj )	0	0
20. Cost Applicable to Medi-Cal	\$ 0	\$ 0
21. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
22. Total Inpatient Days (Adj )	0	0
23. Average Per Diem Cost	\$ 0.00	\$ 0.00
24. Medi-Cal Inpatient Days (Adj )	0	0
25. Cost Applicable to Medi-Cal	\$ 0	\$ 0
26. Total Inpatient Routine Cost (Sch 8, Line ____, Col 27)	\$ 0	\$ 0
27. Total Inpatient Days (Adj )	0	0
28. Average Per Diem Cost	\$ 0.00	\$ 0.00
29. Medi-Cal Inpatient Days (Adj )	0	0
30. Cost Applicable to Medi-Cal	\$ 0	\$ 0
31. Medi-Cal Routine Cost (Sum of Lines 5,10,15,20,25,30)	\$ 0	\$ 0

(To Schedule 4)

SCHEDULE OF MEDI-CAL ANCILLARY COSTS

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

Provider NPI:  
1780768416

		TOTAL ANCILLARY COST *	TOTAL ANCILLARY CHARGES (Adj)	RATIO COST TO CHARGES	MEDI-CAL CHARGES (From Schedule 6)	MEDI-CAL COST
<b>ANCILLARY COST CENTERS</b>						
50.00	Operating Room	\$ 1,091,015	\$ 793,619	1.374735	\$ 1,260	\$ 1,732
51.00	Recovery Room	0	0	0.000000	0	0
52.00	Labor Room and Delivery Room	0	0	0.000000	0	0
53.00	Anesthesiology	0	0	0.000000	0	0
54.00	Radiology-Diagnostic	510,085	1,909,822	0.267085	9,129	2,438
55.00	Radiology-Therapeutic	0	0	0.000000	0	0
56.00	Radioisotope	0	0	0.000000	0	0
57.00	Computed Tomography (CT) Scan	0	0	0.000000	0	0
58.00	Magnetic Resonance Imaging (MRI)	0	0	0.000000	0	0
59.00	Cardiac Catheterization	0	0	0.000000	0	0
60.00	Laboratory	3,811,631	4,435,443	0.859357	54,710	47,015
61.00	PBP Clinical Laboratory Services-Program Only	0	0	0.000000	0	0
62.00	Whole Blood & Packed Red Blood Cells	0	0	0.000000	0	0
63.00	Blood Storing, Processing, & Trans.	0	0	0.000000	0	0
64.00	Intravenous Therapy	0	0	0.000000	0	0
65.00	Respiratory Therapy	2,269,395	23,339,934	0.097232	305,510	29,705
66.00	Physical Therapy	2,064,724	9,124,101	0.226293	20,080	4,544
67.00	Occupational Therapy	0	0	0.000000	0	0
68.00	Speech Pathology	0	0	0.000000	0	0
69.00	Electrocardiology	0	0	0.000000	0	0
70.00	Electroencephalography	0	0	0.000000	0	0
71.00	Medical Supplies Charged to Patients	444,785	7,672,066	0.057975	145,386	8,429
72.00	Implantable Devices Charged to Patients	0	0	0.000000	0	0
73.00	Drugs Charged to Patients	3,341,300	19,476,067	0.171559	239,049	41,011
74.00	Renal Dialysis	866,535	2,267,200	0.382205	96,200	36,768
75.00	ASC (Non-Distinct Part)	0	0	0.000000	0	0
76.00	Other Ancillary (specify)	0	0	0.000000	0	0
77.00		0	0	0.000000	0	0
78.00		0	0	0.000000	0	0
79.00		0	0	0.000000	0	0
80.00		0	0	0.000000	0	0
81.00		0	0	0.000000	0	0
82.00		0	0	0.000000	0	0
83.00		0	0	0.000000	0	0
84.00		0	0	0.000000	0	0
85.00		0	0	0.000000	0	0
86.00		0	0	0.000000	0	0
87.00		0	0	0.000000	0	0
87.01		0	0	0.000000	0	0
88.00	Rural Health Clinic (RHC)	0	0	0.000000	0	0
89.00	Federally Qualified Health Center (FQHC)	0	0	0.000000	0	0
90.00	Clinic	0	0	0.000000	0	0
91.00	Emergency	0	0	0.000000	0	0
92.00	Observation Beds	0	0	0.000000	0	0
93.00	Other Outpatient Services (Specify)	0	0	0.000000	0	0
93.01		0	0	0.000000	0	0
93.02		0	0	0.000000	0	0
93.03		0	0	0.000000	0	0
93.04		0	0	0.000000	0	0
93.05		0	0	0.000000	0	0
<b>TOTAL</b>		<b>\$ 14,399,472</b>	<b>\$ 69,018,252</b>		<b>\$ 871,324</b>	<b>\$ 171,642</b>

(To Schedule 3)

\* From Schedule 8, Column 26

ADJUSTMENTS TO MEDI-CAL CHARGES

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

Provider NPI:  
1780768416

ANCILLARY CHARGES		REPORTED	ADJUSTMENTS (Adj 6)	AUDITED
50.00	Operating Room	\$ 1,260	\$	\$ 1,260
51.00	Recovery Room			0
52.00	Labor Room and Delivery Room			0
53.00	Anesthesiology			0
54.00	Radiology-Diagnostic	3,593	5,536	9,129
55.00	Radiology-Therapeutic			0
56.00	Radioisotope			0
57.00	Computed Tomography (CT) Scan			0
58.00	Magnetic Resonance Imaging (MRI)			0
59.00	Cardiac Catheterization			0
60.00	Laboratory	4,768	49,942	54,710
61.00	PBP Clinical Laboratory Services-Program Only			0
62.00	Whole Blood & Packed Red Blood Cells			0
63.00	Blood Storing, Processing, & Trans.			0
64.00	Intravenous Therapy			0
65.00	Respiratory Therapy	147,413	158,097	305,510
66.00	Physical Therapy	7,282	12,798	20,080
67.00	Occupational Therapy			0
68.00	Speech Pathology			0
69.00	Electrocardiology			0
70.00	Electroencephalography			0
71.00	Medical Supplies Charged to Patients	71,368	74,018	145,386
72.00	Implantable Devices Charged to Patients			0
73.00	Drugs Charged to Patients	112,439	126,610	239,049
74.00	Renal Dialysis	50,700	45,500	96,200
75.00	ASC (Non-Distinct Part)			0
76.00	Other Ancillary (specify)			0
77.00				0
78.00				0
79.00				0
80.00				0
81.00				0
82.00				0
83.00				0
84.00				0
85.00				0
86.00				0
87.00				0
87.01				0
88.00	Rural Health Clinic (RHC)			0
89.00	Federally Qualified Health Center (FQHC)			0
90.00	Clinic			0
91.00	Emergency			0
92.00	Observation Beds			0
93.00	Other Outpatient Services (Specify)			0
93.01				0
93.02				0
93.03				0
93.04				0
93.05				0
<b>TOTAL MEDI-CAL ANCILLARY CHARGES</b>		<b>\$ 398,823</b>	<b>\$ 472,501</b>	<b>\$ 871,324</b>

(To Schedule 5)



**COMPUTATION OF  
DISTINCT PART NURSING FACILITY PER DIEM**

**Provider Name:**  
KINDRED HOSPITAL - BREA

**Fiscal Period Ended:**  
AUGUST 31, 2011

**Provider NPI:**  
1780768416

	<b>REPORTED</b>	<b>AUDITED</b>	<b>DIFFERENCE</b>
<b>COMPUTATION OF DISTINCT PART (DP) NURSING FACILITY PER DIEM</b>			
1. Distinct Part Ancillary Cost (DPNF Sch 3)	\$ 0	\$ 0	\$ 0
2. Distinct Part Routine Cost (DPNF Sch 2)	\$ 5,872,272	\$ 5,732,145	\$ (140,127)
3. Total Distinct Part Facility Cost (Lines 1 & 2)	\$ 5,872,272	\$ 5,732,145	\$ (140,127)
4. Total Distinct Part Patient Days (Adj )	10,041	10,041	0
5. Average DP Per Diem Cost (Line 3 ÷ Line 4)	\$ 584.83	\$ 570.87	\$ (13.96)
<b>DPNF OVERPAYMENTS AND OVERBILLINGS</b>			
6. Medi-Cal Overpayments (Adj )	\$ 0	\$ 0	\$ 0
7. Medi-Cal Credit Balances (Adj )	\$ 0	\$ 0	\$ 0
8. MEDI-CAL SETTLEMENT Due Provider (State)	\$ 0	\$ 0	\$ 0
	(To Summary of Findings)		
<b>GENERAL INFORMATION</b>			
9. Total Licensed Distinct Part Beds (C/R, W/S S-3)	38	38	0
10. Total Licensed Capacity (All levels) (Adj )	86	86	0
11. Total Medi-Cal DP Patient Days (Adj )	0	0	0
<b>CAPITAL RELATED COST</b>			
12. Direct Capital Related Cost	N/A	\$ 0	N/A
13. Indirect Capital Related Cost (DPNF Sch 5)	N/A	\$ 855,425	N/A
14. Total Capital Related Cost (Lines 12 & 13)	N/A	\$ 855,425	N/A
<b>TOTAL SALARY &amp; BENEFITS</b>			
15. Direct Salary & Benefits Expenses	N/A	\$ 1,969,757	N/A
16. Allocated Salary & Benefits (DPNF Sch 5)	N/A	\$ 1,204,617	N/A
17. Total Salary & Benefits Expenses (Lines 15 & 16)	N/A	\$ 3,174,374	N/A

SUMMARY OF DISTINCT PART FACILITY EXPENSES

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

Provider NPI:  
1780768416

COL.	COST CENTER DIRECT AND ALLOCATED EXPENSE	REPORTED	AUDITED *	DIFFERENCE
0.00	Distinct Part	\$ 2,755,789	\$ 2,755,789	\$ 0
1.00	Capital Related Costs-Buildings and Fixtures	424,084	408,094	(15,990)
2.00	Capital Related Costs-Movable Equipment	93,548	96,490	2,942
3.00	Other Capital Related Costs		0	0
3.01			0	0
3.02			0	0
3.03			0	0
3.04			0	0
3.05			0	0
3.06			0	0
3.07			0	0
3.08			0	0
3.09			0	0
4.00	Employee Benefits	321,695	321,607	(88)
5.01			0	0
5.02			0	0
5.03			0	0
5.04			0	0
5.05			0	0
5.06			0	0
5.07			0	0
5.08			0	0
5.00	Administrative and General	676,112	616,790	(59,322)
6.00	Maintenance and Repairs		0	0
7.00	Operation of Plant	334,347	303,196	(31,151)
8.00	Laundry and Linen Service	105,532	103,732	(1,800)
9.00	Housekeeping	130,861	118,504	(12,357)
10.00	Dietary	152,850	149,388	(3,462)
11.00	Cafeteria	180,144	174,107	(6,037)
12.00	Maintenance of Personnel		0	0
13.00	Nursing Administration	156,229	153,421	(2,808)
14.00	Central Services and Supply	44,861	43,235	(1,626)
15.00	Pharmacy	275,289	270,553	(4,736)
16.00	Medical Records & Library	37,983	37,245	(738)
17.00	Social Service	182,948	179,993	(2,955)
18.00	Other General Service (specify)		0	0
19.00	Nonphysician Anesthetists		0	0
20.00	Nursing School		0	0
21.00	Intern & Res. Service-Salary & Fringes (Approved)		0	0
22.00	Intern & Res. Other Program Costs (Approved)		0	0
23.00	Paramedical Ed. Program (specify)		0	0
23.01			0	0
23.02			0	0
101.00	TOTAL DIRECT AND ALLOCATED EXPENSES	\$ 5,872,272	\$ 5,732,145	\$ (140,127)

(To DPNF Sch 1)

\* From Schedule 8, line 44 plus line 45.





**ALLOCATION OF INDIRECT EXPENSES  
DISTINCT PART NURSING FACILITY**

**Provider Name:**  
**KINDRED HOSPITAL - BREA**

**Fiscal Period Ended:**  
**AUGUST 31, 2011**

**Provider NPI:**  
**1780768416**

<b>COL.</b>	<b>COST CENTER</b>	<b>AUDITED CAP RELATED * (COL 1)</b>	<b>AUDITED SAL &amp; EMP BENEFITS * (COL 2)</b>
1.00	Capital Related Costs-Buildings and Fixtures	\$ 408,094	\$ N/A
2.00	Capital Related Costs-Movable Equipment	96,490	N/A
3.00	Other Capital Related Costs	0	N/A
3.01		0	N/A
3.02		0	N/A
3.03		0	N/A
3.04		0	N/A
3.05		0	N/A
3.06		0	N/A
3.07		0	N/A
3.08		0	N/A
3.09		0	N/A
4.00	Employee Benefits	3,414	318,193
5.01		0	0
5.02		0	0
5.03		0	0
5.04		0	0
5.05		0	0
5.06		0	0
5.07		0	0
5.08		0	0
5.00	Administrative and General	118,407	220,645
6.00	Maintenance and Repairs	0	0
7.00	Operation of Plant	75,419	94,421
8.00	Laundry and Linen Service	8,236	6,181
9.00	Housekeeping	20,354	76,375
10.00	Dietary	20,168	76,951
11.00	Cafeteria	45,587	74,970
12.00	Maintenance of Personnel	0	0
13.00	Nursing Administration	12,506	126,463
14.00	Central Services and Supply	12,725	21,894
15.00	Pharmacy	19,466	17,748
16.00	Medical Records & Library	3,637	27,896
17.00	Social Service	10,923	142,880
18.00	Other General Service (specify)	0	0
19.00	Nonphysician Anesthetists	0	0
20.00	Nursing School	0	0
21.00	Intern & Res. Service-Salary & Fringes (Approved)	0	0
22.00	Intern & Res. Other Program Costs (Approved)	0	0
23.00	Paramedical Ed. Program (specify)	0	0
23.01		0	0
23.02		0	0
101	<b>TOTAL ALLOCATED INDIRECT EXPENSES</b>	<b>\$ 855,425</b>	<b>\$ 1,204,617</b>

\* These amounts include both Skilled Nursing Facility expenses,  
line 44 and Nursing Facility expenses, line 45.

(To DPNF SCH 1)











Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

TRIAL BALANCE EXPENSES	ALLOC COST 3.09	EMPLOYEE BENEFITS 4.00	ALLOC COST 5.01	ALLOC COST 5.02	ALLOC COST 5.03	ALLOC COST 5.04	ALLOC COST 5.05	ALLOC COST 5.06	ALLOC COST 5.07	ALLOC COST 5.08	ACCUMULATE COST	ADMINIS- TRATIVE & GENERAL 5.00
105.00 Kidney Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
106.00 Heart Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
107.00 Liver Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
108.00 Lung Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
109.00 Pancreas Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
110.00 Intestinal Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
111.00 Islet Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
112.00 Other Organ Acquisition (specify)	0	0	0	0	0	0	0	0	0	0	0	0
113.00 Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0
114.00 Utilization Review-SNF	0	0	0	0	0	0	0	0	0	0	0	0
115.00 Ambulatory Surgical Center (Distinct Part)	0	0	0	0	0	0	0	0	0	0	0	0
116.00 Hospice	0	0	0	0	0	0	0	0	0	0	0	0
117.00 Other Special Purpose (specify)	0	0	0	0	0	0	0	0	0	0	0	0
190.00 Gift, Flower, Coffee Shop, & Canteen	0	0	0	0	0	0	0	0	0	0	0	0
191.00 Research	0	0	0	0	0	0	0	0	0	0	0	0
192.00 Physicians' Private Offices	0	0	0	0	0	0	0	0	0	0	0	0
193.00 Nonpaid Workers	0	0	0	0	0	0	0	0	0	0	0	0
194.00 Nonallowable Case Manager	0	5,962	0	0	0	0	0	0	0	0	45,852	7,895
194.01	0	0	0	0	0	0	0	0	0	0	0	0
194.02 Reg. Hospital Office	0	0	0	0	0	0	0	0	0	0	131,449	22,634
194.09 Visitor Meals	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	<u>0</u>	<u>1,816,090</u>	<u>0</u>	<u>29,740,414</u>	<u>4,368,804</u>							





Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

TRIAL BALANCE EXPENSES	MAINT & REPAIR 6.00	OPERATION OF PLANT 7.00	LAUNDRY & LINEN 8.00	HOUSEKEEP 9.00	DIETARY 10.00	CAFETERIA 11.00	MAINT OF PERSONNEL 12.00	NURSING ADMIN 13.00	CENTRAL SERVICE & SUPPLY 14.00	PHARMACY 15.00	MEDICAL RECORDS & LIBRARY 16.00	SOCIAL SERVICE 17.00
105.00 Kidney Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
106.00 Heart Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
107.00 Liver Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
108.00 Lung Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
109.00 Pancreas Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
110.00 Intestinal Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
111.00 Islet Acquisition	0	0	0	0	0	0	0	0	0	0	0	0
112.00 Other Organ Acquisition (specify)	0	0	0	0	0	0	0	0	0	0	0	0
113.00 Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0
114.00 Utilization Review-SNF	0	0	0	0	0	0	0	0	0	0	0	0
115.00 Ambulatory Surgical Center (Distinct Part)	0	0	0	0	0	0	0	0	0	0	0	0
116.00 Hospice	0	0	0	0	0	0	0	0	0	0	0	0
117.00 Other Special Purpose (specify)	0	0	0	0	0	0	0	0	0	0	0	0
190.00 Gift, Flower, Coffee Shop, & Canteen	0	0	0	0	0	0	0	0	0	0	0	0
191.00 Research	0	0	0	0	0	0	0	0	0	0	0	0
192.00 Physicians' Private Offices	0	0	0	0	0	0	0	0	0	0	0	0
193.00 Nonpaid Workers	0	0	0	0	0	0	0	0	0	0	0	0
194.00 Nonallowable Case Manager	0	0	0	0	0	0	0	0	0	0	0	0
194.01	0	0	0	0	0	0	0	0	0	0	0	0
194.02 Reg. Hospital Office	0	78,985	0	30,871	0	0	0	0	0	0	0	0
194.09 Visitor Meals	0	0	0	0	86,253	0	0	0	0	0	0	0
	0											
TOTAL	0	<u>1,316,153</u>	<u>259,510</u>	<u>496,958</u>	<u>924,517</u>	<u>691,593</u>	0	<u>443,216</u>	<u>251,388</u>	<u>1,100,459</u>	<u>765,892</u>	<u>450,297</u>





STATE OF CALIFORNIA

COMPUTATION OF COST ALLOCATION (W/S B)

SCHEDULE 8.3

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

TRIAL BALANCE EXPENSES	OTHER GEN SVC	NONPHYSICIAN ANESTHETIST	NURSING SCHOOL	I & R SVC SAL & BENEFITS	I&R OTHER PROGRAM COSTS	PARAMEDICAL EDUCATION PROGRAM	ALLOC COST 23.01	ALLOC COST 23.02	SUBTOTAL	POST STEP-DOWN ADJUSTMENT	TOTAL COST
	18.00	19.00	20.00	21.00	22.00	23.00			24.00	25.00	26.00
105.00 Kidney Acquisition	0	0	0	0	0	0	0	0	0	0	0
106.00 Heart Acquisition	0	0	0	0	0	0	0	0	0	0	0
107.00 Liver Acquisition	0	0	0	0	0	0	0	0	0	0	0
108.00 Lung Acquisition	0	0	0	0	0	0	0	0	0	0	0
109.00 Pancreas Acquisition	0	0	0	0	0	0	0	0	0	0	0
110.00 Intestinal Acquisition	0	0	0	0	0	0	0	0	0	0	0
111.00 Islet Acquisition	0	0	0	0	0	0	0	0	0	0	0
112.00 Other Organ Acquisition (specify)	0	0	0	0	0	0	0	0	0	0	0
113.00 Interest Expense	0	0	0	0	0	0	0	0	0	0	0
114.00 Utilization Review-SNF	0	0	0	0	0	0	0	0	0	0	0
115.00 Ambulatory Surgical Center (Distinct Part)	0	0	0	0	0	0	0	0	0	0	0
116.00 Hospice	0	0	0	0	0	0	0	0	0	0	0
117.00 Other Special Purpose (specify)	0	0	0	0	0	0	0	0	0	0	0
190.00 Gift, Flower, Coffee Shop, & Canteen	0	0	0	0	0	0	0	0	0	0	0
191.00 Research	0	0	0	0	0	0	0	0	0	0	0
192.00 Physicians' Private Offices	0	0	0	0	0	0	0	0	0	0	0
193.00 Nonpaid Workers	0	0	0	0	0	0	0	0	0	0	0
194.00 Nonallowable Case Manager	0	0	0	0	0	0	0	0	53,747		53,747
194.01	0	0	0	0	0	0	0	0	0	0	0
194.02 Reg. Hospital Office	0	0	0	0	0	0	0	0	263,940		263,940
194.09 Visitor Meals	0	0	0	0	0	0	0	0	86,253		86,253
<b>TOTAL</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,740,414</u>	<u>0</u>	<u>29,740,414</u>











STATE OF CALIFORNIA

STATISTICS FOR COST ALLOCATION (W/S B-1)

SCHEDULE 9.1

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

	EMP BENE (GROSS SALARIES)	STAT	STAT	RECON- CILIATION	ADM & GEN (ACCUM COST) 5.00	MANT & REPAIRS 6.00 (Adj)							
	4.00 (Adj)	5.01 (Adj)	5.02 (Adj)	5.03 (Adj)	5.04 (Adj)	5.05 (Adj)	5.06 (Adj)	5.07 (Adj)	5.08 (Adj)				
105.00	Kidney Acquisition											0	
106.00	Heart Acquisition											0	
107.00	Liver Acquisition											0	
108.00	Lung Acquisition											0	
109.00	Pancreas Acquisition											0	
110.00	Intestinal Acquisition											0	
111.00	Islet Acquisition											0	
112.00	Other Organ Acquisition (specify)											0	
113.00	Interest Expense											0	
114.00	Utilization Review-SNF											0	
115.00	Ambulatory Surgical Center (Distinct Part)											0	
116.00	Hospice											0	
117.00	Other Special Purpose (specify)											0	
190.00	Gift, Flower, Coffee Shop, & Canteen											0	
191.00	Research											0	
192.00	Physicians' Private Offices											0	
193.00	Nonpaid Workers											0	
194.00	Nonallowable Case Manager	36,515										45,852	
194.01												0	
194.02	Reg. Hospital Office											131,449	
194.09	Visitor Meals											0	
	TOTAL	11,123,077	0	0	0	0	0	0	0	0		25,371,610	0
	COST TO BE ALLOCATED	1,816,090	0	0	0	0	0	0	0	0		4,368,804	0
	UNIT COST MULTIPLIER - SCH 8	0.163272	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000		0.172193	0.000000

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

	OPER PLANT (SQ FT)	LAUNDRY & LINEN (PATIENT DAYS)	HOUSE-KEEPING (SQ FT)	DIETARY (MEALS SERVED)	CAFETERIA (CAFETERIA FTE'S)	MANT OF PERSONNEL	NURSING ADMIN (NURSING FTES)	CENT SERV & SUPPLY (CSTD REQUIS)	PHARMACY (COST REQUIS)	MED REC (GROSS REVENUE)	SOC SERV (PATIENT DAYS)	OTHER SVC (TIME SPENT)
	7.00 (Adj)	8.00 (Adj)	9.00 (Adj)	10.00 (Adj)	11.00 (Adj)	12.00 (Adj)	13.00 (Adj)	14.00 (Adj)	15.00 (Adj)	16.00 (Adj)	17.00 (Adj)	18.00 (Adj)
<b>GENERAL SERVICE COST CENTERS</b>												
1.00	Capital Related Costs-Buildings and Fixtures											
2.00	Capital Related Costs-Movable Equipment											
3.00	Other Capital Related Costs											
3.01												
3.02												
3.03												
3.04												
3.05												
3.06												
3.07												
3.08												
3.09												
4.00	Employee Benefits											
5.01												
5.02												
5.03												
5.04												
5.05												
5.06												
5.07												
5.08												
5.00	Administrative and General											
6.00	Maintenance and Repairs											
7.00	Operation of Plant											
8.00	255											
9.00	1,361											
10.00	1,829	1,829										
11.00	2,003	2,003	58,546									
12.00	Maintenance of Personnel											
13.00	368	368	3									
14.00	1,181	1,181	3									
15.00	869	869	24,970									
16.00	848	848	6	2,520								
17.00	200	200	3	329								
18.00	Other General Service (specify)											
19.00	Nonphysician Anesthetists											
20.00	Nursing School											
21.00	Intern & Res. Service-Salary & Fringes (Approved)											
22.00	Intern & Res. Other Program Costs (Approved)											
23.00	Paramedical Ed. Program (specify)											
23.01												
23.02												
<b>INPATIENT ROUTINE COST CENTERS</b>												
30.00	10,068	13,681	10,068	20,506	60	60	385,963	48,048	29,606,901	13,681		
31.00	1,745	1,398	1,745	567	7	7	32,431		4,194,000	1,398		
32.00	Coronary Care Unit											
33.00	Burn Intensive Care Unit											
34.00	Surgical Intensive Care Unit											
35.00	Other Special Care (specify)											
40.00	Subprovider - IPF											
41.00	Subprovider - IRF											
42.00	Subprovider (specify)											
43.00	Nursery											
44.00	10,967	10,041	10,967	17,266	36	36	189,787	520,409	5,255,650	10,041		
45.00	Nursing Facility											
46.00	Other Long Term Care											
47.00												



Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

	OPER PLANT (SQ FT)	LAUNDRY & LINEN (PATIENT DAYS)	HOUSE-KEEPING (SQ FT)	DIETARY (MEALS SERVED)	CAFETERIA (CAFETERIA FTE'S)	MANT OF PERSONNEL	NURSING ADMIN (NURSING FTES)	CENT SERV & SUPPLY (CSTD REQUIS)	PHARMACY (COST REQUIS)	MED REC (GROSS REVENUE)	SOC SERV (PATIENT DAYS)	OTHER SVC (TIME SPENT)
	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00
	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)
105.00 Kidney Acquisition												
106.00 Heart Acquisition												
107.00 Liver Acquisition												
108.00 Lung Acquisition												
109.00 Pancreas Acquisition												
110.00 Intestinal Acquisition												
111.00 Islet Acquisition												
112.00 Other Organ Acquisition (specify)												
113.00 Interest Expense												
114.00 Utilization Review-SNF												
115.00 Ambulatory Surgical Center (Distinct Part)												
116.00 Hospice												
117.00 Other Special Purpose (specify)												
190.00 Gift, Flower, Coffee Shop, & Canteen												
191.00 Research												
192.00 Physicians' Private Offices												
193.00 Nonpaid Workers												
194.00 Nonallowable Case Manager												
194.01												
194.02 Reg. Hospital Office	2,857		2,857									
194.09 Visitor Meals				9,969								
TOTAL	47,607	25,120	45,991	106,854	143	0	104	1,103,498	2,116,733	108,074,803	25,120	0
COST TO BE ALLOCATED	1,316,153	259,510	496,958	924,517	691,593	0	443,216	251,388	1,100,459	765,892	450,297	0
UNIT COST MULTIPLIER - SCH 8	27.646201	10.330813	10.805551	8.652153	4836.315399	0.000000	4261.694073	0.227810	0.519886	0.007087	17.925829	0.000000

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

	NONPHY- SICIAN ANE	NURSING SCHOOL	I&R SVC&SAL	I&R OTHER PROG (ASG TIME)	PARAMEDICAL ED. PROG (ASG TIME)	STAT	STAT
	19.00	20.00	21.00	22.00	23.00	23.01	23.02
	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)
	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)
<b>GENERAL SERVICE COST CENTERS</b>							
1.00	Capital Related Costs-Buildings and Fixtures						
2.00	Capital Related Costs-Movable Equipment						
3.00	Other Capital Related Costs						
3.01							
3.02							
3.03							
3.04							
3.05							
3.06							
3.07							
3.08							
3.09							
4.00	Employee Benefits						
5.01							
5.02							
5.03							
5.04							
5.05							
5.06							
5.07							
5.08							
5.00	Administrative and General						
6.00	Maintenance and Repairs						
7.00	Operation of Plant						
8.00	Laundry and Linen Service						
9.00	Housekeeping						
10.00	Dietary						
11.00	Cafeteria						
12.00	Maintenance of Personnel						
13.00	Nursing Administration						
14.00	Central Services and Supply						
15.00	Pharmacy						
16.00	Medical Records & Library						
17.00	Social Service						
18.00	Other General Service (specify)						
19.00	Nonphysician Anesthetists						
20.00	Nursing School						
21.00	Intern & Res. Service-Salary & Fringes (Approved)						
22.00	Intern & Res. Other Program Costs (Approved)						
23.00	Paramedical Ed. Program (specify)						
23.01							
23.02							
<b>INPATIENT ROUTINE COST CENTERS</b>							
30.00	Adults & Pediatrics (Gen Routine)						
31.00	Intensive Care Unit						
32.00	Coronary Care Unit						
33.00	Burn Intensive Care Unit						
34.00	Surgical Intensive Care Unit						
35.00	Other Special Care (specify)						
40.00	Subprovider - IPF						
41.00	Subprovider - IRF						
42.00	Subprovider (specify)						
43.00	Nursery						
44.00	Skilled Nursing Facility						
45.00	Nursing Facility						
46.00	Other Long Term Care						
47.00							

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

	NONPHY- SICIAN ANE	NURSING SCHOOL	I&R SVC&SAL	I&R OTHER PROG (ASG TIME)	PARAMEDICAL ED. PROG (ASG TIME)	STAT	STAT
	19.00	20.00	21.00	22.00	23.00	23.01	23.02
	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)
	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)	(Adj)
<b>ANCILLARY COST CENTERS</b>							
50.00	Operating Room						
51.00	Recovery Room						
52.00	Labor Room and Delivery Room						
53.00	Anesthesiology						
54.00	Radiology-Diagnostic						
55.00	Radiology-Therapeutic						
56.00	Radioisotope						
57.00	Computed Tomography (CT) Scan						
58.00	Magnetic Resonance Imaging (MRI)						
59.00	Cardiac Catheterization						
60.00	Laboratory						
61.00	PBP Clinical Laboratory Services-Program Only						
62.00	Whole Blood & Packed Red Blood Cells						
63.00	Blood Storing, Processing, & Trans.						
64.00	Intravenous Therapy						
65.00	Respiratory Therapy						
66.00	Physical Therapy						
67.00	Occupational Therapy						
68.00	Speech Pathology						
69.00	Electrocardiology						
70.00	Electroencephalography						
71.00	Medical Supplies Charged to Patients						
72.00	Implantable Devices Charged to Patients						
73.00	Drugs Charged to Patients						
74.00	Renal Dialysis						
75.00	ASC (Non-Distinct Part)						
76.00	Other Ancillary (specify)						
77.00							
78.00							
79.00							
80.00							
81.00							
82.00							
83.00							
84.00							
85.00							
86.00							
87.00							
87.01							
88.00	Rural Health Clinic (RHC)						
89.00	Federally Qualified Health Center (FQHC)						
90.00	Clinic						
91.00	Emergency						
92.00	Observation Beds						
93.00	Other Outpatient Services (Specify)						
93.01							
93.02							
93.03							
93.04							
93.05							
<b>NONREIMBURSABLE COST CENTERS</b>							
94.00	Home Program Dialysis						
95.00	Ambulance Services						
96.00	Durable Medical Equipment-Rented						
97.00	Durable Medical Equipment-Sold						
98.00	Other Reimbursable (specify)						
99.00	Outpatient Rehabilitation Provider (specify)						
100.00	Intern-Resident Service (not appvd. tchng. prgm.)						
101.00	Home Health Agency						



## TRIAL BALANCE OF EXPENSES

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

		REPORTED	ADJUSTMENTS (From Sch 10A)	AUDITED
	<b>GENERAL SERVICE COST CENTERS</b>			
1.00	Capital Related Costs-Buildings and Fixtures	\$ 2,803,588	\$ (105,708)	\$ 2,697,880
2.00	Capital Related Costs-Movable Equipment	618,441	19,444	637,885
3.00	Other Capital Related Costs		0	0
3.01			0	0
3.02			0	0
3.03			0	0
3.04			0	0
3.05			0	0
3.06			0	0
3.07			0	0
3.08			0	0
3.09			0	0
4.00	Employee Benefits	1,796,812	0	1,796,812
5.01			0	0
5.02			0	0
5.03			0	0
5.04			0	0
5.05			0	0
5.06			0	0
5.07			0	0
5.08			0	0
5.00	Administrative and General	3,741,063	(428,299)	3,312,764
6.00	Maintenance and Repairs		0	0
7.00	Operation of Plant	876,468	(91,314)	785,154
8.00	Laundry and Linen Service	203,642	0	203,642
9.00	Housekeeping	322,751	(33,494)	289,257
10.00	Dietary	587,932	0	587,932
11.00	Cafeteria		0	0
12.00	Maintenance of Personnel		0	0
13.00	Nursing Administration	290,120	0	290,120
14.00	Central Services and Supply	95,988	0	95,988
15.00	Pharmacy	865,463	0	865,463
16.00	Medical Records & Library	489,525	0	489,525
17.00	Social Service	310,183	0	310,183
18.00	Other General Service (specify)		0	0
19.00	Nonphysician Anesthetists		0	0
20.00	Nursing School		0	0
21.00	Intern & Res. Service-Salary & Fringes (Approved)		0	0
22.00	Intern & Res. Other Program Costs (Approved)		0	0
23.00	Paramedical Ed. Program (specify)		0	0
23.01			0	0
23.02			0	0
	<b>INPATIENT ROUTINE COST CENTERS</b>			
30.00	Adults & Pediatrics (Gen Routine)	4,215,009	0	4,215,009
31.00	Intensive Care Unit	698,770	0	698,770
32.00	Coronary Care Unit		0	0
33.00	Burn Intensive Care Unit		0	0
34.00	Surgical Intensive Care Unit		0	0
35.00	Other Special Care (specify)		0	0
40.00	Subprovider - IPF		0	0
41.00	Subprovider - IRF		0	0
42.00	Subprovider (specify)		0	0
43.00	Nursery		0	0
44.00	Skilled Nursing Facility	2,755,789	0	2,755,789
45.00	Nursing Facility		0	0
46.00	Other Long Term Care		0	0
47.00			0	0

## TRIAL BALANCE OF EXPENSES

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

		REPORTED	ADJUSTMENTS (From Sch 10A)	AUDITED
	<b>ANCILLARY COST CENTERS</b>			
50.00	Operating Room	\$ 195,887	\$ 0	\$ 195,887
51.00	Recovery Room		0	0
52.00	Labor Room and Delivery Room		0	0
53.00	Anesthesiology		0	0
54.00	Radiology-Diagnostic	322,466	0	322,466
55.00	Radiology-Therapeutic		0	0
56.00	Radioisotope		0	0
57.00	Computed Tomography (CT) Scan		0	0
58.00	Magnetic Resonance Imaging (MRI)		0	0
59.00	Cardiac Catheterization		0	0
60.00	Laboratory	3,104,589	0	3,104,589
61.00	PBP Clinical Laboratory Services-Program Only		0	0
62.00	Whole Blood & Packed Red Blood Cells		0	0
63.00	Blood Storing, Processing, & Trans.		0	0
64.00	Intravenous Therapy		0	0
65.00	Respiratory Therapy	1,421,802	0	1,421,802
66.00	Physical Therapy	1,635,212	(62,138)	1,573,074
67.00	Occupational Therapy		0	0
68.00	Speech Pathology		0	0
69.00	Electrocardiology		0	0
70.00	Electroencephalography		0	0
71.00	Medical Supplies Charged to Patients	278,868	0	278,868
72.00	Implantable Devices Charged to Patients		0	0
73.00	Drugs Charged to Patients	2,046,129	0	2,046,129
74.00	Renal Dialysis	725,536	0	725,536
75.00	ASC (Non-Distinct Part)		0	0
76.00	Other Ancillary (specify)		0	0
77.00			0	0
78.00			0	0
79.00			0	0
80.00			0	0
81.00			0	0
82.00			0	0
83.00			0	0
84.00			0	0
85.00			0	0
86.00			0	0
87.00			0	0
87.01			0	0
88.00	Rural Health Clinic (RHC)		0	0
89.00	Federally Qualified Health Center (FQHC)		0	0
90.00	Clinic		0	0
91.00	Emergency		0	0
92.00	Observation Beds		0	0
93.00	Other Outpatient Services (Specify)		0	0
93.01			0	0
93.02			0	0
93.03			0	0
93.04			0	0
93.05			0	0
	<b>SUBTOTAL</b>	\$ 30,402,033	\$ (701,509)	\$ 29,700,524
	<b>NONREIMBURSABLE COST CENTERS</b>			
94.00	Home Program Dialysis		0	0
95.00	Ambulance Services		0	0
96.00	Durable Medical Equipment-Rented		0	0
97.00	Durable Medical Equipment-Sold		0	0

## TRIAL BALANCE OF EXPENSES

Provider Name:  
KINDRED HOSPITAL - BREA

Fiscal Period Ended:  
AUGUST 31, 2011

		REPORTED	ADJUSTMENTS (From Sch 10A)	AUDITED
98.00	Other Reimbursable (specify)		0	0
99.00	Outpatient Rehabilitation Provider (specify)		0	0
100.00	Intern-Resident Service (not appvd. tchnng. prgm.)		0	0
101.00	Home Health Agency		0	0
105.00	Kidney Acquisition		0	0
106.00	Heart Acquisition		0	0
107.00	Liver Acquisition		0	0
108.00	Lung Acquisition		0	0
109.00	Pancreas Acquisition		0	0
110.00	Intestinal Acquisition		0	0
111.00	Islet Acquisition		0	0
112.00	Other Organ Acquisition (specify)		0	0
113.00	Interest Expense		0	0
114.00	Utilization Review-SNF		0	0
115.00	Ambulatory Surgical Center (Distinct Part)		0	0
116.00	Hospice		0	0
117.00	Other Special Purpose (specify)		0	0
190.00	Gift, Flower, Coffee Shop, & Canteen		0	0
191.00	Research		0	0
192.00	Physicians' Private Offices		0	0
193.00	Nonpaid Workers		0	0
194.00	Nonallowable Case Manager	39,890	0	39,890
194.01			0	0
194.02	Reg. Hospital Office		0	0
194.09	Visitor Meals		0	0
	<b>SUBTOTAL</b>	<b>\$ 39,890</b>	<b>\$ 0</b>	<b>\$ 39,890</b>
200	<b>TOTAL</b>	<b>\$ 30,441,923</b>	<b>\$ (701,509)</b>	<b>\$ 29,740,414</b>

(To Schedule 8)













Provider Name							Fiscal Period			Provider NPI		Adjustments
KINDRED HOSPITAL - BREA							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011			1780768416		8
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
1							<p style="text-align: center;"><u>MEMORANDUM ADJUSTMENT</u></p> <p>The services provided to Medi-Cal inpatients in Noncontract acute hospitals are subject to various reimbursement limitations identified in AB 5. These limitations are addressed on Noncontract Schedule A and are incorporated on Noncontract Schedule 1, Line 9. W&amp;I Code Sections 14105.19 and 14166.245</p>					

Provider Name							Fiscal Period		Provider NPI		Adjustments
KINDRED HOSPITAL - BREA							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011		1780768416		8
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
2	10A	A			1.00	7	Capital Related Costs - Building and Fixtures	\$2,803,588	\$7,096	\$2,810,684 *	
	10A	A			2.00	7	Capital Related Costs - Movable Equipment	618,441	38,982	657,423 *	
	10A	A			5.00	7	Administrative and General To adjust reported home office costs to agree with the Kindred Healthcare Inc. filed Home Office Cost Report for fiscal period ended December 31, 2010 and December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	3,741,063	(428,299)	3,312,764	
3	10A	A			1.00	7	Capital Related Costs - Building and Fixtures	* \$2,810,684	(\$112,804)	\$2,697,880	
	10A	A			2.00	7	Capital Related Costs - Movable Equipment	* 657,423	(19,538)	637,885	
	10A	A			7.00	7	Operation of Plant	876,468	(91,314)	785,154	
	10A	A			9.00	7	Housekeeping To eliminate regional office costs that were either reported at the home office level, or for which a separate cost report should have been filed. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150 and 2304	322,751	(33,494)	289,257	
4	10A	A			66.00	7	Physical Therapy To eliminate the profit margin from a related party cost. 42 CFR 413.17 and 413.50 CMS Pub. 15-1, Sections 1000, 1005 and 2304	\$1,635,212	(\$62,138)	\$1,573,074	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
KINDRED HOSPITAL - BREA							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	1780768416		8
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report								
		Work Sheet	Part	Title	Line	Col.				
<b>ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA - NONCONTRACT</b>										
5	4	D-1		XIX	9.00	1	Medi-Cal Days - Adults and Pediatrics	115	112	227
	4A	D-1		XIX	43.00	4	Medi-Cal Days - Intensive Care Unit	9	30	39
6	6	D-3		XIX	54.00	2	Medi-Cal Ancillary Charges - Radiology - Diagnostic	\$3,593	\$5,536	\$9,129
	6	D-3		XIX	60.00	2	Medi-Cal Ancillary Charges - Laboratory	4,768	49,942	54,710
	6	D-3		XIX	65.00	2	Medi-Cal Ancillary Charges - Respiratory Therapy	147,413	158,097	305,510
	6	D-3		XIX	66.00	2	Medi-Cal Ancillary Charges - Physical Therapy	7,282	12,798	20,080
	6	D-3		XIX	71.00	2	Medi-Cal Ancillary Charges - Medical Supplies Charged to Patients	71,368	74,018	145,386
	6	D-3		XIX	73.00	2	Medi-Cal Ancillary Charges - Drugs Charged to Patients	112,439	126,610	239,049
	6	D-3		XIX	74.00	2	Medi-Cal Ancillary Charges - Renal Dialysis	50,700	45,500	96,200
	6	D-3		XIX	200.00	2	Medi-Cal Ancillary Charges - Total	398,823	472,501	871,324
7	2	E-3	VII	XIX	8.00	1	Medi-Cal Routine Service Charges	\$245,800	\$290,683	\$536,483
	2	E-3	VII	XIX	9.00	1	Medi-Cal Ancillary Service Charges	398,823	472,501	871,324
8	3	E-3	VII	XIX	32.00	1	Medi-Cal Deductibles	\$0	\$3,580	\$3,580
	3	E-3	VII	XIX	33.00	1	Medi-Cal Coinsurance	4,281	11,612	15,893
	1	E-3	VII	XIX	41.00	1	Medi-Cal Interim Payments	79,174	110,884	190,058
<p>To adjust Medi-Cal Settlement Data to agree with the following Fiscal Intermediary Payment Data:</p> <p>Service Period: September 1, 2010 through August 31, 2011</p> <p>Payment Period: September 1, 2010 through June 17, 2013</p> <p>Report Date: June 18, 2013</p> <p>42 CFR 413.20, 413.24, 413.53, 413.60, 413.64, and 433.139</p> <p>CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408</p> <p>CCR, Title 22, Sections 51173, 51511, 51541, and 51542</p>										