

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

**KAWEAH DELTA HEALTH CARE DISTRICT  
VISALIA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1588663769**

**FISCAL PERIOD ENDED  
JUNE 30, 2011**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Gary Diffenderffer  
Auditor: Firas Yaghmour**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 26, 2013

Gary Herbst, CFO  
Kaweah Delta Medical Center  
400 W. Mineral King Ave.  
Visalia, CA 93291

KAWEAH DELTA HEALTH CARE DISTRICT  
NATIONAL PROVIDER IDENTIFIER (NPI) 1588663769  
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 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

Gary Herbst  
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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—  
Sacramento at (916) 650-6994.

**Original Signed By**

Robert G. Kvick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified



**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAWEAH DELTA HEALTH CARE DISTRICT</b>
<b>NPI</b>	<b>1588663769</b>
<b>FISCAL PERIOD</b>	<b>JULY 1, 2010 THROUGH JUNE 30, 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	\$	23,003,119
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	1,165,030
3. Interest Expense: (Adj )	8860, 8870	\$	10,035,738
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	478,298
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	5,434,087
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	1,543,432
<b>B. GROSS OPERATING EXPENSES</b> (Adj 9 )	Sch 10, line 101, col. 3	\$	400,002,600
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj )	.20	\$	25,009,237
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	\$	34,769,801
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	1,685,321
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	165,700,967
2. Employee Benefits	.10 - .19, .92, .96	\$	67,186,326
3. Other Professional Fees	.21 - .29	\$	5,250,614
4. Purchased Services	.61 - .69	\$	26,127,504
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	63,407,868
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAWEAH DELTA HEALTH CARE DISTRICT</b>
<b>NPI</b>	<b>1588663769</b>
<b>FISCAL PERIOD</b>	<b>JULY 1, 2010 THROUGH JUNE 30, 2011</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj )			
a. Productive Salaries	.00	\$	16,583,569
b. Productive Hours			302,242.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	42,939,722
b. Productive Hours			1,239,218.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	71,086,743
b. Productive Hours			1,613,537.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	2,381,862
b. Productive Hours			111,641.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	11,276,167
b. Productive Hours			879,423.00
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	692,900
b. Productive Hours			12,482.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	6,989,995
b. Productive Hours			554,333.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	12,074,003
b. Productive Hours			824,316.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	1,676,006
b. Productive Hours			120,894.00
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	17,032,310
b. Nonproductive Hours	Report or Provider W/P		661,009.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>165,700,967</u>
2. Productive Hours (lines A1b - A10b)			<u>5,658,086.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 10)</b>		<b>\$</b>	<b><u>182,733,277</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2) (Adj 11)</b>			<b><u>6,319,095.00</u></b>

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2010 THROUGH JUNE 30, 2011		1588663769	11
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	\$ 35,135,342	\$ 183,207	\$ 35,318,549
					\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 1,214,830	\$ 477,973	\$ 1,692,803
					\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	13,541.00	469.00	14,010.00
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	1,495.00	209.50	1,704.50
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	4,962.00	(2,785.50)	2,176.50
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	0.00	2,328.50	2,328.50
7	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	3,471	194	3,665
8	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 139,683,943	\$ 13,811,245	\$ 153,495,188
9	2	4	B	Gross Operating Expenses	\$ 437,691,659	\$ (37,689,059)	\$ 400,002,600

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2010 THROUGH JUNE 30, 2011		1588663769	11
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
10	3	5	C	Total Productive and Nonproductive Salaries	\$ 182,733,276	\$ 1	\$ 182,733,277
11	3	5	D	Total Productive and Nonproductive Hours	6,319,096	(1)	6,319,095
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			