

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

**MARIAN MEDICAL CENTER  
SANTA MARIA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1760510937**

**FISCAL PERIOD ENDED  
JUNE 30, 2011**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Deborah Lee  
Auditor: Min (Cherrie) Cheung**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 22, 2013

Chuck Cova, Administrator  
Marian Medical Center  
1400 East Church Street  
Santa Maria, CA 93454-5906

MARIAN MEDICAL CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI): 1760510937  
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](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

Chuck Cova  
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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—Gardena at (310) 516-4757.

**Original Signed By:**

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified  
Enclosures

cc: Eddie Arvayo  
Reimbursement Manager  
Catholic Healthcare West  
251 South Lake Avenue, 8<sup>th</sup> floor  
Pasadena, CA 91101



**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>MARIAN MEDICAL CENTER</b>
<b>NPI</b>	<b>1760510937</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	\$	6,698,092
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	5,129,855
3. Interest Expense: (Adj )	8860, 8870	\$	2,049,108
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	572,455
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	2,103,368
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	964,266
<b>B. GROSS OPERATING EXPENSES</b> (Adj 10)	Sch 10, line 101, col. 3	\$	180,081,785
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj )	.20	\$	8,243,504
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	\$	4,496,923
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	1,320,986
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	83,327,650
2. Employee Benefits	.10 - .19, .92, .96	\$	25,075,080
3. Other Professional Fees	.21 - .29	\$	955,543
4. Purchased Services	.61 - .69	\$	31,884,308
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	27,973,992
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>MARIAN MEDICAL CENTER</b>
<b>NPI</b>	<b>1760510937</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	\$	9,153,862
b. Productive Hours			169,538
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	15,053,165
b. Productive Hours			421,070
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	29,267,628
b. Productive Hours			601,145
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	2,174,832
b. Productive Hours			76,925
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	3,579,082
b. Productive Hours			194,381
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	194,670
b. Productive Hours			1,008.00
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	24,751
b. Productive Hours			296.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	2,422,708
b. Productive Hours			147,048
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	6,685,790
b. Productive Hours			355,492
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	1,524,944
b. Productive Hours			69,605
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	10,675,056
b. Nonproductive Hours	Report or Provider W/P		315,470
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>70,081,432</u>
2. Productive Hours (lines A1b - A10b)			<u>2,036,508.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>80,756,488</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,351,978</u></b>

Provider Name				Fiscal Period		NPI	Adjustments
MARIAN MEDICAL CENTER				JULY 1, 2010 THROUGH JUNE 30, 2011		1760510937	10
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	\$ 9,525,603	\$ (178,249)	\$ 9,347,354
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 0	\$ 10,736	\$ 10,736
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	3,606	143	3,749
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	67	8	75
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	2,285	486	2,771
6	1	3	C5	Medi-Cal Inpatient Days—NICU—Noncontract	218	(218)	0
7	1	3	D	Total Hospital Discharges	11,282	(8,210)	3,072
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	3,137	(1,531)	1,606
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 33,077,501	\$ 6,731,538	\$ 39,809,039
10	2	4	B	Gross Operating Expenses	\$ 0	\$ 180,081,785	\$ 180,081,785
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records.</p> <p>CCR, Title 22, Section 51536</p>							