

**REPORT  
ON THE AUDIT OF  
PEER GROUPING INPATIENT REIMBURSEMENT  
LIMITATION (PIRL) SCHEDULES**

**KINDRED HOSPITAL - RANCHO  
RANCHO CUCAMONGA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1568578110**

**FISCAL PERIOD  
NOVEMBER 1, 2010 THROUGH SEPTEMBER 30, 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: James Cheng**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

January 28, 2014

Administrator  
Kindred Hospital - Rancho  
10841 White Oak Avenue  
Rancho Cucamonga, CA 91730

KINDRED HOSPITAL - RANCHO  
NATIONAL PROVIDER IDENTIFIER (NPI) 1568578110  
FISCAL PERIOD NOVEMBER 1, 2010 THROUGH SEPTEMBER 30, 2011

We have examined the Peer Grouping Inpatient Reimbursement Limitation (PIRL) 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 PIRL 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. Peer Grouping Inpatient Reimbursement Limitation 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 Safety Net Financing 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

Administrator  
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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: Betsy Walker  
Senior Reimbursement Analyst  
Kindred Healthcare, Inc.  
680 South Fourth Street  
Louisville, KY 40202-2407



**PEER GROUPING INPATIENT REIMBURSEMENT LIMITATION SCHEDULES**

<b>PROVIDER NAME</b>	<b>KINDRED HOSPITAL - RANCHO</b>
<b>NPI</b>	<b>1568578110</b>
<b>FISCAL PERIOD</b>	<b>NOVEMBER 1, 2010 THROUGH SEPTEMBER 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	\$	401,824
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	4,684,463
3. Interest Expense: (Adj )	8860, 8870	\$	
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	6,341,277
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	502,731
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	316,969
<b>B. GROSS OPERATING EXPENSES</b> (Adj 7)	Sch 10, Audited Total Cost	\$	35,796,196
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj )	.20	\$	697,508
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	\$	453,509
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	401,802
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	15,330,176
2. Employee Benefits	.10 - .19, .92, .96	\$	2,452,801
3. Other Professional Fees	.21 - .29	\$	2,806
4. Purchased Services	.61 - .69	\$	1,347,328
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	3,761,913

**PEER GROUPING INPATIENT REIMBURSEMENT LIMITATION SCHEDULES**

<b>PROVIDER NAME</b>	<b>KINDRED HOSPITAL - RANCHO</b>
<b>NPI</b>	<b>1568578110</b>
<b>FISCAL PERIOD</b>	<b>NOVEMBER 1, 2010 THROUGH SEPTEMBER 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	\$	2,243,744
b. Productive Hours			53,352.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	3,341,514
b. Productive Hours			95,855.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	4,035,011
b. Productive Hours			99,405.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	1,262,023
b. Productive Hours			53,495.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	1,093,286
b. Productive Hours			72,935.00
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 )			
a. Productive Salaries	.06	\$	581,851
b. Productive Hours			42,706.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	905,139
b. Productive Hours			49,145.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages (Adj 14)			
a. Nonproductive Salaries	Labor Distribution	\$	1,298,643
b. Nonproductive Hours	Report or Provider W/P		45,228.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	13,462,568
2. Productive Hours (lines A1b - A10b)			<u>466,893.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>14,761,211</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>512,121.00</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
KINDRED HOSPITAL - RANCHO				NOVEMBER 1, 2010 THROUGH SEPTEMBER 30, 2011	1568578110	7	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	PIRL Schedule Page Line					
<b><u>ADJUSTMENTS TO PIRL SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 591,404	\$ 89,787	\$ 681,191
2	1	3	B	Deductibles and Coinsurance—Noncontract	50,012	13,720	63,732
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	100.00	83.00	183.00
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	206.00	19.50	225.50
5	1	3	D	Total Hospital Discharges	722	37	759
6	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 3,010,628	\$ 1,062,004	\$ 4,072,632
7	2	4	B	Gross Operating Expenses	\$ 37,920,913	\$ (2,124,717)	\$ 35,796,196
<p>To adjust the Peer Grouping Inpatient Reimbursement Limitation Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Sections 51545 through 51556.</p>							