

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

**KAISER FOUNDATION HOSPITAL-MANTECA
MANTECA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1740354851**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Delia Valencia
Auditor: Gene Bannister**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

April 12, 2013

Alfred Aghajani
Finance Supervisor
National Medicare Finance
Kaiser Foundation Health Plan, Inc.
Walnut Center 4th Floor
393 E. Walnut Street
Pasadena, CA 91188

KAISER FOUNDATION HOSPITAL-MANTECA
NATIONAL PROVIDER IDENTIFIER (NPI) 1740354851
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 limited review.

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.

Alfred Aghajani
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If you disagree with the decision of the Department, you may appeal by writing to:

John Melton, 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.

If you have questions regarding this report, you may call the Audits Section—Sacramento at (916) 650-6994.

Original Signed By

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

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME KAISER FOUNDATION HOSPITAL-MANTECA
NPI 1740354851
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)	\$ 639,410		\$		\$ 639,410
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 4,109		\$		\$ 4,109
C. Medi-Cal Inpatient Days (Adj 3-5) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	99				99
2. ICU	30				30
3. CCU					
4. Nursery	12				12
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges *** (Adj)	N/A		N/A		9,552
E. Total Medi-Cal Discharges*** (Adj 6)		32			32
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 7)	\$ 531,333		\$		\$ 531,333

* Data for NF or Administrative Days are not included.

** The Audited Net Cost of Covered Services is Net of Deductibles and Coinsurance and is from a source different than used on the filed report.

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

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	KAISER FOUNDATION HOSPITAL-MANTECA
NPI	1740354851
FISCAL PERIOD	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>	
A. EXPENSE PASS-THROUGH DATA		
1. Depreciation Expense: (Adj)	8810 - 8813, and/or .71, .72, .73 and .74	\$ 18,898,896
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$ 3,493,584
3. Interest Expense: (Adj)	8860, 8870	\$ 1,346,088
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$ 966,134
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$ 3,780,966
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$ 10,867
B. GROSS OPERATING EXPENSES (Adj)	Sch 10, line 101, col. 3	\$ 407,057,431
C. STUDENT AND PHYSICIANS COMPENSATION		
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$ 939,664
2. Professional Fees (Adj)	.20	\$
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$ 16,245,362
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$ 812,371
F. DIRECT OPERATING COSTS		
1. Salaries and Wages	.00 - .09, .91, .95	\$ 107,292,770
2. Employee Benefits	.10 - .19, .92, .96	\$ 56,411,590
3. Other Professional Fees	.21 - .29	\$ 952
4. Purchased Services	.61 - .69	\$ 147,414,596
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 16,659,225
6. Other Direct Operating Expense	.85 - .90	\$

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	KAISER FOUNDATION HOSPITAL-MANTECA
NPI	1740354851
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	\$	12,186,504
b. Productive Hours			181,034.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	9,619,567
b. Productive Hours			206,696.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	42,220,178
b. Productive Hours			576,005.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	577,601
b. Productive Hours			14,559.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	3,253,948
b. Productive Hours			124,612.00
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	\$	
b. Productive Hours			
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	5,737,558
b. Productive Hours			213,625.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	18,668,595
b. Productive Hours			553,748.00
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	15,008,818
b. Nonproductive Hours	Report or Provider W/P		359,106.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>92,263,951</u>
2. Productive Hours (lines A1b - A10b)			<u>1,870,279.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>107,272,769</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>2,229,385.00</u>

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITAL-MANTECA				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1740354851	7	
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	\$ 10,576,815	\$ (9,937,405)	\$ 639,410
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 1,989	\$ 2,120	\$ 4,109
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	85	14.00	99
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	20	10	30
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	7	5	12
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Contract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Contract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Contract			

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITAL-MANTECA				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1740354851	7	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
	1	3	D	Total Hospital Discharges	9,552		9,552
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	29	3	32
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 739,233	\$ (207,900)	\$ 531,333
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 18,898,896	\$	\$ 18,898,896
	2	4	A 2	Rent and Lease Expense	\$ 3,493,584	\$	\$ 3,493,584
	2	4	A 3	Interest Expense	\$ 1,346,088	\$	\$ 1,346,088
	2	4	A 4	Property Taxes and License Fees	\$ 966,134	\$	\$ 966,134
	2	4	A 5	Utility Expense	\$ 3,780,966	\$	\$ 3,780,966
	2	4	A 6	Malpractice Insurance Expense	\$ 10,867	\$	\$ 10,867
	2	4	B	Gross Operating Expenses	\$ 407,057,431	\$	\$ 407,057,431
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 939,664	\$	\$ 939,664
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 16,245,362	\$	\$ 16,245,362

Provider Name				Fiscal Period		NPI	Adjustments
KAISER FOUNDATION HOSPITAL-MANTECA				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1740354851	7
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
2	4	E		Food Services Nonlabor Expense	\$ 812,371	\$	\$ 812,371
2	4	F 1		Direct Operating—Salaries and Wages	\$ 107,292,770	\$	\$ 107,292,770
2	4	F 2		Direct Operating—Employee Benefits	\$ 56,411,590	\$	\$ 56,411,590
2	4	F 3		Direct Operating—Other Professional Fees	\$ 952	\$	\$ 952
2	4	F 4		Direct Operating—Purchased Services	\$ 147,414,596	\$	\$ 147,414,596
2	4	F 5		Direct Operating—Supplies	\$ 16,659,225	\$	\$ 16,659,225
2	4	F 6		Direct Operating—Other Direct Operating Expense	\$	\$	\$
3	5	A 1 a		Management and Supervision—Productive Salaries	\$ 12,186,504	\$	\$ 12,186,504
3	5	A 1 b		Management and Supervision—Productive Hours	181,034		181,034
3	5	A 2 a		Technicians and Specialists—Productive Salaries	\$ 9,619,567	\$	\$ 9,619,567
3	5	A 2 b		Technicians and Specialists—Productive Hours	206,696		206,696
3	5	A 3 a		Registered Nurses—Productive Salaries	\$ 42,220,178	\$	\$ 42,220,178
3	5	A 3 b		Registered Nurses—Productive Hours	576,005		576,005
3	5	A 4 a		Licensed Vocational Nurses—Productive Salaries	\$ 577,601	\$	\$ 577,601
3	5	A 4 b		Licensed Vocational Nurses—Productive Hours	14,559		14,559
3	5	A 5 a		Aides and Orderlies—Productive Salaries	\$ 3,253,948	\$	\$ 3,253,948
3	5	A 5 b		Aides and Orderlies—Productive Hours	124,612		124,612

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITAL-MANTECA				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1740354851	7	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
3	5	A 6 a	Physicians (Salaried)—Productive Salaries	\$	\$	\$	
3	5	A 6 b	Physicians (Salaried)—Productive Hours				
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$	\$	\$	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours				
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$	\$	\$	
3	5	A 8 b	Environmental and Food Services—Productive Hours				
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 5,737,558	\$	\$ 5,737,558	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	213,625		213,625	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 18,688,595	\$	\$ 18,688,595	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	553,748		553,748	
3	5	A 11	Nonproductive Salaries and Wages	\$ 15,008,818	\$	\$ 15,008,818	
3	5	A 11	Nonproductive Hours	359,106		359,106	
3	5	B 1	Subtotal Productive Salaries	\$ 92,283,951	\$	\$ 92,283,951	
3	5	B 2	Subtotal Productive Hours	1,870,279		1,870,279	
3	5	C	Total Productive and Nonproductive Salaries	\$ 107,292,769	\$	\$ 107,292,769	
3	5	D	Total Productive and Nonproductive Hours	2,229,385		2,229,385	
To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536							