

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

**PALMDALE REGIONAL MEDICAL CENTER
PALMDALE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1508856535**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Allen Dervi
Audit Supervisor: Debra K. Blake
Auditor: Matthew Li**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 8, 2014

Kurt Broten
Chief Financial Officer
Palmdale Regional Medical Center
38600 Medical Center Drive
Palmdale, CA 93551

PALMDALE REGIONAL MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1508856535
FISCAL PERIOD ENDED DECEMBER 31, 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.

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

Lisa Alder, Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
MS 0017
Sacramento, CA 95814
(916) 322-5603

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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 — Burbank at (818) 295-2620.

Original Signed By

Allen Dervi, Chief
Audits Section — Burbank
Financial Audits Branch

Certified

cc: Carole A. DeSmedt
Area Reimbursement Manager – Western Region
United Health Services, Inc.
367 South Gulph Road
King of Prussia, PA 19406-0958

PIRL SCHEDULES

PROVIDER NAME PALMDALE REGIONAL MEDICAL CENTER
NPI 1508856535
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)	\$ 7,365,571		\$ N/A		\$ 7,365,571
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 194,287		\$ N/A		\$ 194,287
C. Medi-Cal Inpatient Days (Adjs 3,4) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	2,392.00		N/A		2,392.00
2. ICU	576.25		N/A		576.25
3. CCU	0		0		
4. Nursery	0		0		
5. NICU	0		0		
6. Other (Specify)	0		0		
a.					
b.					
D. Total Hospital Discharges*** (Adj)	N/A		N/A		0
E. Total Medi-Cal Discharges*** (Adj 5)	682		N/A		682
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 6)	\$ 38,408,285		\$ N/A		\$ 38,408,285

* 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.

PIRL SCHEDULES

PROVIDER NAME	PALMDALE REGIONAL MEDICAL CENTER
NPI	1508856535
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	\$	15,985,038
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	996,614
3. Interest Expense: (Adj)	8860, 8870	\$	1,015,457
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	2,793,803
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	1,996,807
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	1,820,127
B. GROSS OPERATING EXPENSES (Adj 7)	Sch 10, line 200, col. 3	\$	117,889,883
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees (Adj)	.20	\$	3,230,149
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	3,981,710
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	1,766,578
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	42,792,444
2. Employee Benefits	.10 - .19, .92, .96	\$	9,150,050
3. Other Professional Fees	.21 - .29	\$	2,598,004
4. Purchased Services	.61 - .69	\$	11,858,873
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	20,206,749

PIRL SCHEDULES

PROVIDER NAME	PALMDALE REGIONAL MEDICAL CENTER
NPI	1508856535
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	\$	6,960,313
b. Productive Hours			167,049.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	9,450,563
b. Productive Hours			343,612.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	16,160,502
b. Productive Hours			401,556.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	309,128
b. Productive Hours			12,763.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	783,916
b. Productive Hours			57,527.00
6. Physicians (Salaried) (Adj)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners (Adj)			
a. Productive Salaries	.08	\$	0
b. Productive Hours			0
8. Environmental and Food Services (Adj)			
a. Productive Salaries	.06	\$	0
b. Productive Hours			0
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	1,768,677
b. Productive Hours			101,914.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	452,085
b. Productive Hours			22,762.00
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	5,679,246
b. Nonproductive Hours	Report or Provider W/P		678,340.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>35,885,184</u>
2. Productive Hours (lines A1b - A10b)			<u>1,107,183.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>41,564,430</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>1,785,523.00</u>

Provider Name				Fiscal Period	NPI	Adjustments	
PALMDALE REGIONAL MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1508856535	7	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	PIRL Schedule					
		Page	Line				
<u>ADJUSTMENTS TO PIRL SCHEDULES</u>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 6,626,737	\$ 738,834	\$ 7,365,571
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 135,155	\$ 59,132	\$ 194,287
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	2,131.00	261.00	2,392.00
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	489.00	87.25	576.25
5	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	632	50	682
6	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 33,394,169	\$ 5,014,116	\$ 38,408,285
7	2	4	B	Gross Operating Expenses	\$ 121,634,653	\$ (3,744,770)	\$ 117,889,883
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			