

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

**SANTA BARBARA COTTAGE HOSPITAL  
SANTA BARBARA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1477554152**

**FISICAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Cyrus Lam  
Auditor: Clara Yau**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

August 16, 2013

Joan Bricher  
Chief Financial Officer  
Santa Barbara Cottage Hospital  
400 West Pueblo Street  
Santa Barbara, CA 93102

SANTA BARBARA COTTAGE HOSPITAL  
NATIONAL PROVIDER IDENTIFIER (NPI): 1477554152  
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 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

Joan Bricher  
Page 2

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

cc: Suzi Wiley  
Reimbursement Analyst  
Finance Department  
Santa Barbara Cottage Hospital  
P.O. Box 689  
Santa Barbara, CA 93102



## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>SANTA BARBARA COTTAGE HOSPITAL</b>
<b>NPI</b>	<b>1477554152</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2011 THROUGH DECEMBER 31, 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	\$	16,966,929
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	4,378,578
3. Interest Expense: (Adj )	8860, 8870	\$	992,876
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	584,438
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	5,452,233
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	2,250,893
<b>B. GROSS OPERATING EXPENSES</b> (Adj 12)	Sch 10, line 101, col. 3	\$	410,115,832
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	4,663,618
2. Professional Fees (Adj )	.20	\$	11,954,555
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj 13)	8390.37 and 8390.38	\$	19,702,014
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	3,071,300
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	14,963,466
2. Employee Benefits (Adj 14)	.10 - .19, .92, .96	\$	79,664,669
3. Other Professional Fees (Adj 15)	.21 - .29	\$	13,916,654
4. Purchased Services (Adj 16)	.61 - .69	\$	32,037,469
5. Supplies (Adj 17)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	67,943,926

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>SANTA BARBARA COTTAGE HOSPITAL</b>
<b>NPI</b>	<b>1477554152</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2011 THROUGH DECEMBER 31, 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	\$	14,097,969
b. Productive Hours			244,528.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	36,521,140
b. Productive Hours			886,125.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	63,717,271
b. Productive Hours			1,244,383.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	920,578
b. Productive Hours			27,018.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	7,422,095
b. Productive Hours			400,511.00
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	1,398,212
b. Productive Hours			11,960.00
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	468,993
b. Productive Hours			8,333.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	7,566,262
b. Productive Hours			462,697.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	12,718,334
b. Productive Hours			574,328.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	4,432,612
b. Productive Hours			183,824.00
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	20,261,049
b. Nonproductive Hours	Report or Provider W/P		439,096.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>149,263,466</u>
2. Productive Hours (lines A1b - A10b)			<u>4,043,707.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>169,524,515</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>4,482,803.00</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
SANTA BARBARA COTTAGE HOSPITAL				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1477554152	17	
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	\$ 14,068,046	\$ 647,279	\$ 14,715,325
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 22,164	\$ (3,969)	\$ 18,195
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	3,192	79.75	3,271.75
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	51	12.50	63.50
5	1	3	C 3	Medi-Cal Inpatient Days—SICU—Noncontract	356	(8.00)	348.00
6	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	1,362	7.00	1,369.00
7	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	360	85.00	445.00
8	1	3	C 6 a	Medi-Cal Inpatient Days—PICU--Noncontract	139	26.75	165.75
9	1	3	D	Total Hospital Discharges	16,692	2,719	19,411
10	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	765	244	1,009
11	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 37,694,685	\$ 1,718,842	\$ 39,413,527
12	2	4	B	Gross Operating Expenses	\$ 450,915,234	\$ (40,799,402)	\$ 410,115,832
13	2	4	D	Pharmacy Nonlabor Expense	\$ 18,618,004	\$ 1,084,010	\$ 19,702,014
14	2	4	F 2	Direct Operating—Employee Benefits	\$ 69,535,555	\$ 10,129,114	\$ 79,664,669

Provider Name				Fiscal Period		NPI	Adjustments	
SANTA BARBARA COTTAGE HOSPITAL				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1477554152	17	
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>								
15	2	4	F 3	Direct Operating—Other Professional Fees	\$ 13,474,898	\$ 441,756	\$ 13,916,654	
16	2	4	F 4	Direct Operating—Purchased Services	\$ 32,137,630	\$ (100,161)	\$ 32,037,469	
17	2	4	F 5	Direct Operating—Supplies	\$ 67,929,058	\$ 14,868	\$ 67,943,926	
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536				