

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

**SUTTER ROSEVILLE MEDICAL CENTER  
ROSEVILLE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIERS: 1356390264 AND  
1174736839**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kathy Atkins  
Auditor: Brian Emo**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 17, 2013

Michael Bass  
Reimbursement Manager  
Sutter Roseville Medical Center  
2880 Gateway Oaks, Suite 200  
Sacramento, CA 95833

SUTTER ROSEVILLE MEDICAL CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1356390264 / 1174736839  
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 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).

Michael Bass  
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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

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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief  
Audits Section—Fresno  
Financial Audits Branch

Certified

Provider Name				Fiscal Period		NPI	Adjustments
SUTTER ROSEVILLE MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1356390264	20
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page	Line				
<b>MEMORANDUM ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 0	\$ 16,235,048	\$ 16,235,048 *
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$ 16,235,048	\$ (16,235,048)	\$ 0
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 0	\$ 237,768	\$ 237,768 *
	1	3	B	Deductibles and Coinsurance—Contract	\$ 237,768	\$ (237,768)	\$ 0
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	0	3,755	3,755 *
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract	3,755	(3,755)	0
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	0	794	794 *
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract	794	(794)	0
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	0	499	499 *
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract	499	(499)	0
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	0	1,291	1,291 *
	1	3	E	Total Medi-Cal Discharges—Acute—Contract	1,291	(1,291)	0
<p>To correct a reporting error on the Rate Development Branch Schedules. Noncontract data was reported as contract data.                      42 CFR 413.20 and 413.24                      CMS Pub. 15-I, Sections 2300 and 2304                      CCR, Title 22, Section 51536</p>							
*Balance carried forward from prior/to subsequent adjustments							

Provider Name				Fiscal Period			NPI	Adjustments
SUTTER ROSEVILLE MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1356390264	20
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>								
7	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	* \$ 16,235,048	\$ 2,795,192	\$ 19,030,240	
8	1	3	B	Deductibles and Coinsurance—Noncontract	* \$ 237,768	\$ 60,020	\$ 297,788	
9	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	* 3,755	630	4,385	
10	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	* 794	146	940	
11	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	* 499	(57)	442	
12	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	0	756	756	
13	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	* 1,291	298	1,589	
14	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 64,299,180	\$ 14,679,454	\$ 78,978,634	
15	2	4	A 3	Interest Expense	\$ 8,981,005	\$ (1,562,874)	\$ 7,418,131	
16	2	4	A 4	Property Taxes and License Fees	\$ 325,975	\$ 156,070	\$ 482,045	
17	2	4	B	Gross Operating Expenses	\$ 357,703,863	\$ 4,599,832	\$ 362,303,695	
18	2	4	D	Pharmacy Nonlabor Expense	\$ 19,363,212	\$ 1,023,138	\$ 20,386,350	
19	2	4	E	Food Services Nonlabor Expense	\$ 1,521,862	\$ 36,084	\$ 1,557,946	
*Balance carried forward from prior/to subsequent adjustments								

Provider Name				Fiscal Period		NPI	Adjustments
SUTTER ROSEVILLE MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1356390264	20
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>							
20	2	4	F 5	Direct Operating—Supplies	\$ 41,815,241	\$ (1,527,589)	\$ 40,287,652
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			

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Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** SUTTER ROSEVILLE MEDICAL CENTER  
**NPI** 1356390264  
**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) (Adjs 1, 7)	\$ 19,030,240		\$ 0		\$ 19,030,240
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adjs 2, 8)	\$ 297,788		\$ 0		\$ 297,788
C. Medi-Cal Inpatient Days (Adjs 3-5, 9-12) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	4,385		0		4,385
2. ICU	940		0		940
3. CCU					
4. Nursery	442		0		442
5. NICU	756				756
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj )	N/A		N/A		18,254
E. Total Medi-Cal Discharges** (Adjs 6, 13)	1,589		0		1,589
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 14)	\$ 78,978,634			\$	\$ 78,978,634

\* Data for NF or Administrative Days are not included.

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

## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>SUTTER ROSEVILLE MEDICAL CENTER</b>
<b>NPI</b>	<b>1356390264</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	\$ 17,697,514
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$ 2,554,897
3. Interest Expense: (Adj 15)	8860, 8870	\$ 7,418,131
4. Property Taxes and License Fees: (Adj 16)	8850 and/or .83	\$ 482,045
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$ 3,618,578
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$ 2,965,547
<b>B. GROSS OPERATING EXPENSES</b> (Adj 17)	Sch 10, line 101, col. 3	<b>\$ 362,303,695</b>
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>		
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$
2. Professional Fees (Adj )	.20	\$ 14,075,896
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj 18)	8390.37 and 8390.38	<b>\$ 20,386,350</b>
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj 19)	8320, 8330 and 8340 and/or .42 and .43	<b>\$ 1,557,946</b>
<b>F. DIRECT OPERATING COSTS</b>		
1. Salaries and Wages	.00 - .09, .91, .95	\$ 115,518,441
2. Employee Benefits	.10 - .19, .92, .96	\$ 58,895,806
3. Other Professional Fees	.21 - .29	\$ 4,250,791
4. Purchased Services	.61 - .69	\$ 62,732,335
5. Supplies (Adj 20)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 40,287,652

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>SUTTER ROSEVILLE MEDICAL CENTER</b>
<b>NPI</b>	<b>1356390264</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	\$	7,411,617
b. Productive Hours			127,764.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	24,116,029
b. Productive Hours			583,409.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	62,922,770
b. Productive Hours			1,100,528.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	1,759,190
b. Productive Hours			54,763.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	7,402,524
b. Productive Hours			307,406.00
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	\$	6,081,648
b. Productive Hours			272,882.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	4,536,816
b. Productive Hours			200,566.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	39,244
b. Productive Hours			2,051.00
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	20,366,748
b. Nonproductive Hours	Report or Provider W/P		357,715.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	114,269,838
2. Productive Hours (lines A1b - A10b)			<u>2,649,369.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		\$	<u>134,636,585</u>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<u>3,007,083.25</u>