

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES
WEST HILLS HOSPITAL AND MEDICAL CENTER
WEST HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1023065729
FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: William Zhu**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 24, 2014

Davy Chow
Reimbursement Manager
Hospital Corporation of America
13760 Noel Road, Suite 430
Dallas, Texas 75240

WEST HILLS HOSPITAL AND MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1023065729
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.

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

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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: Tony Lopez
Chief Financial Officer
West Hills Hospital and Medical Center
7300 Medical Center Drive
West Hills, California 91307

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	WEST HILLS HOSPITAL AND MEDICAL CENTER
NPI	1023065729
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)	\$ 3,195,890	\$ -	\$ 3,195,890
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 108,785	\$ -	\$ 108,785
C. Medi-Cal Inpatient Days (Adjs 3 - 6) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	829	-	829
2. ICU	330	-	330
3. CCU	-	-	-
4. Nursery	11	-	11
5. NICU	10	-	10
6. Other (Specify)			
a. n/a	-	-	-
b. n/a	-	-	-
D. Total Hospital Discharges *** (Adj 7)	N/A	N/A	8,096
E. Total Medi-Cal Discharges*** (Adj 8)	320	-	320
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 9)	\$ 22,042,157	\$ -	\$ 22,042,157

* 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	WEST HILLS HOSPITAL AND MEDICAL CENTER
NPI	1023065729
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	\$	4,633,188
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	1,803,475
3. Interest Expense: (Adj 10)	8860, 8870	\$	-
4. Property Taxes and License Fees: (Adj 11)	8850 and/or .83	\$	2,189,642
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	1,907,129
6. Malpractice Insurance Expense: (Adj 12)	8830 and/or .81	\$	1,181,146
B. GROSS OPERATING EXPENSES (Adj 13)	C/R W/S A, line 101, col. 3	\$	150,215,385
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	-
2. Professional Fees (Adj)	.20	\$	1,629,559
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	69,887
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	986,246
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	59,343,272
2. Employee Benefits	.10 - .19, .92, .96	\$	25,594,715
3. Other Professional Fees	.21 - .29	\$	10,435,730
4. Purchased Services (Adj 14)	.61 - .69	\$	26,480,614
5. Supplies (Adj 15)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	29,284,410
6. Other Direct Operating Expense (Adj 16)	.85 - .90	\$	11,310,736

RATE DEVELOPMENT SCHEDULES

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NPI	1023065729
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			
a. Productive Salaries (Adj 17)	.00	\$	6,030,936
b. Productive Hours (Adj)			118,392
2. Technicians and Specialists			
a. Productive Salaries (Adj 18)	.01	\$	9,707,974
b. Productive Hours (Adj 19)			205,571
3. Registered Nurses			
a. Productive Salaries (Adj 20)	.02	\$	30,321,703
b. Productive Hours (Adj)			538,989
4. Licensed Vocational Nurses			
a. Productive Salaries (Adj 21)	.03	\$	309,299
b. Productive Hours (Adj)			8,899
5. Aides and Orderlies			
a. Productive Salaries (Adj 22)	.04	\$	9,230,623
b. Productive Hours (Adj 23)			284,449
6. Physicians (Salaried)			
a. Productive Salaries (Adj)	.07	\$	-
b. Productive Hours (Adj)			-
7. Nonphysician Medical Practitioners			
a. Productive Salaries (Adj)	.08	\$	-
b. Productive Hours (Adj)			-
8. Environmental and Food Services			
a. Productive Salaries (Adj 24)	.06	\$	1,634,277
b. Productive Hours (Adj)			85,879
9. Clerical and Other Administrative			
a. Productive Salaries (Adj 25)	.05	\$	1,957,548
b. Productive Hours (Adj)			82,898
10. Other Salaries and Wages			
a. Productive Salaries (Adj)	.09	\$	-
b. Productive Hours (Adj)			-
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries (Adj)	Labor Distribution	\$	7,292,245
b. Nonproductive Hours (Adj)	Report or Provider W/P		125,824
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a) (Adj 26)		\$	<u>59,192,360</u>
2. Productive Hours (lines A1b - A10b) (Adj)			<u>1,325,077</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 27)		\$	<u>66,484,605</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2) (Adj)			<u>1,450,901</u>

Provider Name				Fiscal Period		NPI	Adjustments	
WEST HILLS HOSPITAL AND MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1023065729	27	
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	\$ 2,649,312	\$ 546,578	\$ 3,195,890	
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 70,364	\$ 38,421	\$ 108,785	
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	598	231	829	
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	268	62	330	
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	8	3	11	
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	0	10	10	
7	1	3	D	Total Hospital Discharges	8,100	(4)	8,096	
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	274	46	320	
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 14,920,095	\$ 7,122,062	\$ 22,042,157	
10	2	4	A 3	Interest Expense	\$ (1,086,650)	\$ 1,086,650	\$ 0	
11	2	4	A 4	Property Taxes and License Fees	\$ 2,060,609	\$ 129,033	\$ 2,189,642	
12	2	4	A 6	Malpractice Insurance Expense	\$ 0	\$ 1,181,146	\$ 1,181,146	
13	2	4	B	Gross Operating Expenses	\$ 165,701,565	\$ (15,486,180)	\$ 150,215,385	

Provider Name				Fiscal Period		NPI	Adjustments
WEST HILLS HOSPITAL AND MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1023065729	27
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
14	2	4	F 4	Direct Operating—Purchased Services	\$ 13,596,994	\$ 12,883,620	\$ 26,480,614
15	2	4	F 5	Direct Operating—Supplies	\$ 28,228,277	\$ 1,056,133	\$ 29,284,410
16	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 20,238,643	\$ (8,927,907)	\$ 11,310,736
17	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 6,031,222	\$ (286)	\$ 6,030,936
18	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 8,178,554	\$ 1,529,420	\$ 9,707,974
19	3	5	A 2 b	Technicians and Specialists—Productive Hours	181,333	24,238	205,571
20	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 30,323,806	\$ (2,103)	\$ 30,321,703
21	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 309,280	\$ 19	\$ 309,299
22	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 10,760,019	\$ (1,529,396)	\$ 9,230,623
23	3	5	A 5 b	Aides and Orderlies—Productive Hours	308,687	(24,238)	284,449
24	3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 1,634,005	\$ 272	\$ 1,634,277
25	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 1,957,645	\$ (97)	\$ 1,957,548
26	3	5	B 1	Subtotal Productive Salaries	\$ 59,194,531	\$ (2,171)	\$ 59,192,360

Provider Name				Fiscal Period	NPI	Adjustments	
WEST HILLS HOSPITAL AND MEDICAL CENTER				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1023065729	27	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
27	3	5	C	Total Productive and Nonproductive Salaries	\$ 66,486,776	\$ (2,171)	\$ 66,484,605
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			