

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

**KINDRED HOSPITAL RANCHO
RANCHO CUCAMONGA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIERS:
1568578110 AND 1205146289**

**FISCAL PERIOD ENDED
SEPTEMBER 30, 2012**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: Mandy Ho**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

April 21, 2014

Administrator
Kindred Hospital Rancho
10841 White Oak Avenue
Rancho Cucamonga, CA 91730

KINDRED HOSPITAL RANCHO
NATIONAL PROVIDER IDENTIFIER (NPI) 1205146289
FISCAL PERIOD ENDED SEPTEMBER 30, 2012

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:

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

Administrator
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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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Betsy Walker
Senior Reimbursement Analyst
Kindred Healthcare, Inc.
680 South Fourth Street
Louisville, KY 40202-2407

PEER GROUPING INPATIENT REIMBURSEMENT LIMITATION SCHEDULES

PROVIDER NAME	KINDRED HOSPITAL RANCHO
NPI	1205146289
FISCAL PERIOD	OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012
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	\$	1,549,649
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	1,609,460
3. Interest Expense: (Adj)	8860, 8870	\$	
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	569,614
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	686,536
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	346,786
B. GROSS OPERATING EXPENSES (Adj 6)	Sch 10, Audited Total Cost	\$	37,302,436
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj)	.20	\$	541,025
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	994,622
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	384,329
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	15,506,805
2. Employee Benefits	.10 - .19, .92, .96	\$	2,715,463
3. Other Professional Fees	.21 - .29	\$	339,797
4. Purchased Services	.61 - .69	\$	1,799,703
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	6,766,237

PEER GROUPING INPATIENT REIMBURSEMENT LIMITATION SCHEDULES

PROVIDER NAME	KINDRED HOSPITAL RANCHO
NPI	1205146289
FISCAL PERIOD	OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj)			
a. Productive Salaries	.00	\$	3,332,631
b. Productive Hours			68,693.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	2,582,558
b. Productive Hours			71,655.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	3,985,268
b. Productive Hours			96,183.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	1,319,091
b. Productive Hours			55,567.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	833,911
b. Productive Hours			56,557.00
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	\$	599,773
b. Productive Hours			44,587.00
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	861,992
b. Productive Hours			46,684.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	1,607,721
b. Nonproductive Hours	Report or Provider W/P		49,566.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	13,515,224
2. Productive Hours (lines A1b - A10b)			<u>439,926.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>15,122,945</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>489,492.00</u>

Provider Name				Fiscal Period	NPI	Adjustments	
KINDRED HOSPITAL RANCHO				OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012	1205146289	6	
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	\$ 121,625	\$ (4,475)	\$ 117,150
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 4,612	\$ 331	\$ 4,943
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	0.00	1.50	1.50
4	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	3	1	4
5	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 537,432	\$ 22,940	\$ 560,372
6	2	4	B	Gross Operating Expenses	\$ 40,529,169	\$ (3,226,733)	\$ 37,302,436
<p>To adjust the Peer Grouping Inpatient Reimbursement Limitation Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Sections 51545 through 51556.</p>							