REPORT
ON THE AUDIT OF
RATE DEVELOPMENT SCHEDULES

ENCINO HOSPITAL MEDICAL CENTER
ENCINO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1437322377

FISCAL PERIOD ENDED
DECEMBER 31, 2010

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

Section Chief: Daniel J. Giardinelli
Audit Supervisor: Debra K. Blake
Auditor: Tony Bhadury

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

July 6, 2012

Kanner Tillman, CFO
Sherman Oaks and Encino Hospitals
5000 Van Nuys Boulevard, Suite 325
Sherman Oaks, California 91403-1717

ENCINO HOSPITAL MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1437322377
FISCAL PERIOD ENDED DECEMBER 31, 2010

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.

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

cc: Jeffrey N. Brown, CEO
Hospital Management Services
211 East Imperial Highway, Suite 102
Fullerton, CA 92835

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME **ENCINO HOSPITAL MEDICAL CENTER**
NPI **1437322377**
FISCAL PERIOD **JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**
CONTRACT PERIOD **JANUARY 1, 2010 THROUGH SEPTEMBER 24, 2010**

ACUTE CARE ONLY	Noncontract Cost Services	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
A. Medi-Cal Net Cost of Covered Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Adj 1)	$ 352,695	$ 1,333,879	$ 1,686,574
B. Deductibles and Coinsurance (Third Party Liability) (Adj 2)	$ 4,664	$ 38,558	$ 43,222
C. Medi-Cal Inpatient Days (Adj 3, 4)			
1. Routine (Adults and Pediatrics)	80	361	441
2. ICU	0	0	0
3. CCU	25	81	106
4. Nursery	0	0	0
5. NICU	0	0	0
6. Other (Specify)	0	0	0
a.			
b.			
D. Total Hospital Discharges (Adj 5)	N/A	N/A	2,323
E. Total Medi-Cal Discharges (Adj 6)	38	156	194
F. Total Medi-Cal Inpatient Charges (Adj 7)	$ 1,685,955	$ 6,729,583	$ 8,415,538

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	**ENCINO HOSPITAL MEDICAL CENTER**
NPI	**1437322377**
FISCAL PERIOD	**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**
CONTRACT PERIOD	**JANUARY 1, 2010 THROUGH SEPTEMBER 24, 2010**

	REFERENCE		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj 8)	8810 - 8813, and/or .71, .72, .73 and .74	$	2,023,409
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	$	112,802
3. Interest Expense: (Adj 9)	8860, 8870	$	25,286
4. Property Taxes and License Fees:	8850 and/or .83	$	8,329,369
5. Utility Expense:	.77, .78, .79, and .80	$	818,777
6. Malpractice Insurance Expense:	8830 and/or .81	$	272,840
B. GROSS OPERATING EXPENSES (Adj)	C/R W/S A, line 101, col. 3	$	48,504,214
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	0
2. Professional Fees	.20	$	257,531
D. PHARMACY NONLABOR EXPENSE (Adj 10)	8390.37 and 8390.38	$	5,114
E. FOOD SERVICES NONLABOR EXPENSE (Adj 11)	8320, 8330 and 8340 and/or .42 and .43	$	236,745
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	$	20,893,868
2. Employee Benefits	.10 - .19, .92, .96	$	6,787,508
3. Other Professional Fees	.21 - .29	$	649,004
4. Purchased Services	.61 - .69	$	4,274,582
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	$	2,669,953
6. Other Direct Operating Expense	.85 - .90	$	0

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	**ENCINO HOSPITAL MEDICAL CENTER**
NPI	**1437322377**
FISCAL PERIOD	**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**
CONTRACT PERIOD	**JANUARY 1, 2010 THROUGH SEPTEMBER 24, 2010**

A. DIRECT PAYROLL COSTS (Totals)	REFERENCE		
1. Management and Supervision			
a. Productive Salaries	.00	$	1,678,702
b. Productive Hours			37,377.00
2. Technicians and Specialists			
a. Productive Salaries	.01	$	5,902,961
b. Productive Hours			181,435.00
3. Registered Nurses			
a. Productive Salaries	.02	$	8,564,851
b. Productive Hours			161,817.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	1,424,469
b. Productive Hours			49,889.00
5. Aides and Orderlies			
a. Productive Salaries	.04	$	1,321,014
b. Productive Hours			67,238.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	$	0
b. Productive Hours			0
8. Environmental and Food Services			
a. Productive Salaries	.06	$	270,104
b. Productive Hours			17,098.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	1,731,765
b. Productive Hours			90,005.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	0
b. Productive Hours			0
11. All Nonproductive Salaries and Wages (Adj 12)			
a. Nonproductive Salaries	Labor Distribution	$	1,781,957
b. Nonproductive Hours	Report or Provider W/P		57,055.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		$	20,893,866
2. Productive Hours (lines A1b - A10b)			604,859.00
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 13)		$	22,675,823
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2) (Adj 14)			661,914.00

MEDI-CAL DISCHARGES

PROVIDER NAME	NPI	FPE
ENCINO HOSPITAL MEDICAL CENTER	1437322377	DECEMBER 31, 2010

Source: Paid Claims Summary Report (CONTRACT), Run Date April 12, 2012

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	VOIDED CLAIMS	
01/10	1 & 2	22							22
02/10	2	22							22
03/10	2 & 3	25		2					23
04/10	3 & 4	10							10
05/10	4	17							17
06/10	4 & 5	16							16
07/10	5 & 6	24							24
08/10	6	13				1			12
9/1-9/24 2010	6 & 7	10							10
TOTALS		**159**		**2**		**1**			**156**

MEDI-CAL DISCHARGES

PROVIDER NAME	NPI	FPE
ENCINO HOSPITAL MEDICAL CENTER	1437322377	DECEMBER 31, 2010

Source: Paid Claims Summary Report (NONCONTRACT), Run Date February 13, 2012

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	VOIDED CLAIMS	
9/25-12/31 2010	1	2							2
10/10	1	6							6
11/10	1 & 2	24						1	23
12/10	2	8				1			7
TOTALS		**40**				**1**		**1**	**38**

Provider Name	Fiscal Period	NPI	Adjustments
ENCINO HOSPITAL MEDICAL CENTER	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1437322377	14

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
				ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES			
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	$ 184,748	$ 167,947	$ 352,695
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	$ 2,451,930	$ (1,118,051)	$ 1,333,879
2	1	3	B	Deductibles and Coinsurance—Noncontract	$ 0	$ 4,664	$ 4,664
	1	3	B	Deductibles and Coinsurance—Contract	$ 0	$ 38,558	$ 38,558
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	55	25	80
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract	477	(116)	361
4	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract	7	18	25
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract	68	13	81
5	1	3	D	Total Hospital Discharges	2,511	(188)	2,323
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	166	(128)	38
	1	3	E	Total Medi-Cal Discharges—Acute—Contract	15	141	156
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	$ 25,687,211	$ (24,001,256)	$ 1,685,955
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	$ 850,427	$ 5,879,156	$ 6,729,583
8	2	4	A 1	Depreciation Expense	$ 2,020,409	$ 3,000	$ 2,023,409
9	2	4	A 3	Interest Expense	$ 0	$ 25,286	$ 25,286

Provider Name	Fiscal Period	NPI	Adjustments
ENCINO HOSPITAL MEDICAL CENTER	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1437322377	14

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
10	2	4	D	Pharmacy Nonlabor Expense	$ 626,576	$ (621,462)	$ 5,114
11	2	4	E	Food Services Nonlabor Expense	$ 244,838	$ (8,093)	$ 236,745
12	3	5	A 11	Nonproductive Salaries and Wages	$ 0	$ 1,781,957	$ 1,781,957
	3	5	A 11	Nonproductive Hours	0	57,055	57,055
13	3	5	C	Total Productive and Nonproductive Salaries	$ 0	$ 22,675,823	$ 22,675,823
14	3	5	D	Total Productive and Nonproductive Hours	0	661,914	661,914

To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records.
CCR, Title 22, Section 51536