

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

**HEART HOSPITAL OF BAKERSFIELD  
BAKERSFIELD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1609856947**

**FISCAL PERIOD ENDED  
SEPTEMBER 30, 2010**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Linda King  
Auditor: Adrian Peña**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

January 31, 2014

Martin Soy, CFO  
Heart Hospital of Bakersfield  
3001 Sillect Avenue  
Bakersfield, CA 93308

HEART HOSPITAL OF BAKERSFIELD  
NATIONAL PROVIDER IDENTIFIER (NPI) 1609856947  
FISCAL PERIOD ENDED SEPTEMBER 30, 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](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

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

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** HEART HOSPITAL OF BAKERSFIELD  
**NPI** 1609856947  
**FISCAL PERIOD** OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010  
**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)	\$ 2,377,496	\$	\$ 2,377,496
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 284,109	\$	\$ 284,109
C. Medi-Cal Inpatient Days (Adj 3) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	1,080.50		1,080.50
2. ICU			
3. CCU			
4. Nursery			
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges ** (Adj )	N/A	N/A	4,086
E. Total Medi-Cal Discharges** (Adj 4)	234		234
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 5)	\$ 13,291,459	\$	\$ 13,291,459

\* 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>HEART HOSPITAL OF BAKERSFIELD</b>
<b>NPI</b>	<b>1609856947</b>
<b>FISCAL PERIOD</b>	<b>OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense: (Adj 6)	8810 - 8813, and/or .71, .72, .73 and .74	\$	2,400,237
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$	416,425
3. Interest Expense: (Adj )	8860, 8870	\$	1,781,381
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$	635,982
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$	791,135
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$	180,977
<b>B. GROSS OPERATING EXPENSES</b> (Adj )	Sch 10, line 101, col. 3	\$	60,711,129
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj 7)	.20	\$	3,188,941
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	\$	2,953,456
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	\$	442,750
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	18,250,099
2. Employee Benefits	.10 - .19, .92, .96	\$	7,055,624
3. Other Professional Fees	.21 - .29	\$	4,403,287
4. Purchased Services	.61 - .69	\$	1,779,614
5. Supplies (Adj 8, 9)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	11,104,633

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<b>PROVIDER NAME</b>	<b>HEART HOSPITAL OF BAKERSFIELD</b>
<b>NPI</b>	<b>1609856947</b>
<b>FISCAL PERIOD</b>	<b>OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj 10, 11)			
a. Productive Salaries	.00	\$	2,203,432
b. Productive Hours			40,221.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	4,189,720
b. Productive Hours			110,595.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	9,565,381
b. Productive Hours			218,072.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	
b. Productive Hours			
5. Aides and Orderlies (Adj 12)			
a. Productive Salaries	.04	\$	948,049
b. Productive Hours			63,439.00
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	385,786
b. Productive Hours			7,693.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	64,036
b. Productive Hours			2,197.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	1,304,874
b. Productive Hours			64,648.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages (Adj 13, 14)			
a. Nonproductive Salaries	Labor Distribution	\$	1,506,584
b. Nonproductive Hours	Report or Provider W/P		63,992.00
<b>B. SUBTOTAL DIRECT PAYROLL COST (Adj 15, 16)</b>			
1. Productive Salaries (lines A1a - A10a)		\$	18,661,278
2. Productive Hours (lines A1b - A10b)			<u>506,865.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 17)</b>		\$	<u>20,167,862</u>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<u>570,857.00</u>

Provider Name				Fiscal Period		NPI	Adjustments
HEART HOSPITAL OF BAKERSFIELD				OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010		1609856947	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	\$ 2,286,922	\$ 90,574	\$ 2,377,496
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 368,343	\$ (84,234)	\$ 284,109
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	834.00	246.50	1,080.50
4	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	204	30	234
5	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 11,220,297	\$ 2,071,162	\$ 13,291,459
6	2	4	A 1	Depreciation Expense	\$ 2,726,003	\$ (325,766)	\$ 2,400,237
7	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 1,026,567	\$ 2,162,374	\$ 3,188,941
8	2	4	F 1	Direct Operating—Salaries and Wages	\$ 18,937,058	\$ (686,959)	\$ 18,250,099
9	2	4	F 4	Direct Operating—Purchased Services	\$ 3,941,987	\$ (2,162,373)	\$ 1,779,614
10	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 2,310,982	\$ (107,550)	\$ 2,203,432
11	3	5	A 1 b	Management and Supervision—Productive Hours	40,687	(466)	40,221
12	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 9,480,490	\$ (8,532,441)	\$ 948,049
13	3	5	A 11	Nonproductive Salaries and Wages	\$ 2,085,993	\$ (579,409)	\$ 1,506,584
14	3	5	A 11	Nonproductive Hours	63,526	466	63,992

Provider Name				Fiscal Period	NPI	Adjustments	
HEART HOSPITAL OF BAKERSFIELD				OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010	1609856947	17	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
15	3	5	B 1	Subtotal Productive Salaries	\$ 27,301,269	\$ (8,639,991)	\$ 18,661,278
16	3	5	B 2	Subtotal Productive Hours	507,331	(466)	506,865
17	3	5	C	Total Productive and Nonproductive Salaries	\$ 29,387,262	\$ (9,219,400)	\$ 20,167,862
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			