

**REPORT
ON THE
COST REPORT REVIEW**

**MERCY HOSPITAL BAKERSFIELD
BAKERSFIELD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1104981661**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Michael Harrold
Auditor: Jeanene Lopez**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 11, 2013

Andrew Cantu, CFO
Mercy Hospital Bakersfield
2215 Truxton Avenue
Bakersfield, CA 93301

MERCY HOSPITAL BAKERSFIELD
NATIONAL PROVIDER IDENTIFIER (NPI) 1104981661
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the provider's Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the audited settlement for the fiscal period due the provider in the amount of \$171,654 presented in the Summary of Findings represents a proper determination in accordance with the reimbursement principles of applicable programs.

This audit report includes the:

1. Summary of Findings
2. Computation of Medi-Cal Reimbursement Settlement (NONCONTRACT Schedules)
3. Audited Allocation of Home Office Cost
4. Audit Adjustments Schedule

The audited settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

Andrew Cantu
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Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

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

SUMMARY OF FINDINGS

Provider Name:
MERCY HOSPITAL BAKERSFIELD

Fiscal Period Ended:
JUNE 30, 2010

	SETTLEMENT	COST
1. Medi-Cal Noncontract Settlement (SCHEDULE 1) Provider NPI: 1104981661 Reported Net Change Audited Amount Due Provider (State)	\$ 408,728 \$ (237,074) \$ 171,654	
2. Subprovider I (SCHEDULE 1-1) Provider NPI: Reported Net Change Audited Amount Due Provider (State)	\$ 0 \$ 0 \$ 0	
3. Subprovider II (SCHEDULE 1-2) Provider NPI: Reported Net Change Audited Amount Due Provider (State)	\$ 0 \$ 0 \$ 0	
4. Medi-Cal Contract Cost (CONTRACT SCH 1) Provider NPI: Reported Net Change Audited Cost Audited Amount Due Provider (State)		\$ 0 \$ 0 \$ 0 \$ 0
5. Distinct Part Nursing Facility (DPNF SCH 1) Provider NPI: Reported Net Change Audited Cost Per Day Audited Amount Due Provider (State)		\$ 0.00 \$ 0.00 \$ 0.00 \$ 0
6. Distinct Part Nursing Facility (DPNF SCH 1-1) Provider NPI: Reported Net Change Audited Cost Per Day Audited Amount Due Provider (State)		\$ 0.00 \$ 0.00 \$ 0.00 \$ 0
7. Adult Subacute (ADULT SUBACUTE SCH 1) Provider NPI: Reported Net Change Audited Cost Per Day Audited Amount Due Provider (State)		\$ 0.00 \$ 0.00 \$ 0.00 \$ 0
8. Total Medi-Cal Settlement Due Provider (State) - (Lines 1 through 7)	\$ 171,654	
9. Total Medi-Cal Cost		\$ 0

SUMMARY OF FINDINGS

Provider Name:
MERCY HOSPITAL BAKERSFIELD

Fiscal Period Ended:
JUNE 30, 2010

		SETTLEMENT	COST
10. Subacute (SUBACUTE SCH 1-1) Provider NPI:	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
11. Rural Health Clinic (RHC SCH 1) Provider NPI:	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
12. Rural Health Clinic (RHC 95-210 SCH 1) Provider NPI:	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
13. Rural Health Clinic (RHC 95-210 SCH 1-1) Provider NPI:	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
14. County Medical Services Program (CMSP SCH 1) Provider NPI:	Reported	\$ 0	
	Net Change	\$ 0	
	Audited Amount Due Provider (State)	\$ 0	
15. Transitional Care (TC SCH 1) Provider NPI:	Reported		\$ 0.00
	Net Change		\$ 0.00
	Audited Cost Per Day		\$ 0.00
	Audited Amount Due Provider (State)	\$ 0	
16. Total Other Settlement Due Provider - (Lines 10 through 15)		\$ 0	
17. Total Combined Audited Settlement Due Provider (State/CMSP/RHC) - (Line 8 + Line 16)		\$ 171,654	

COMPUTATION OF MEDI-CAL REIMBURSEMENT SETTLEMENT
AB 5 and AB 1183 - SUMMARY OF REDUCTIONS

Provider Name:
MERCY HOSPITAL BAKERSFIELD

Fiscal Period Ended:
JUNE 30, 2010

Provider No.
1104981661

1. 10% Reduction to Noncontract Services for 07/01/08 Through 9/30/08 (SCHEDULE A-1)	\$ <u>0</u>
2. Reduction to Noncontract Services for 10/01/08 Through 04/05/09 (SCHEDULE A-2)	<u>0</u>
3. 10% Reduction to Noncontract Services for 04/06/09 Through 04/12/11 (SCHEDULE A-3)	<u>1,024,689</u>
4. 10% Reduction to HFPAs < 3 Hospitals for 07/01/08 Through 04/12/11 (SCHEDULE A-4)	<u>0</u>
5. 10% Reduction to Rural Health Hospitals for 07/01/08 Through 10/31/08 (SCHEDULE A-5)	<u>0</u>
6. 10% Reduction to Rural Health Hospitals for 07/01/09 Through 02/23/10 (SCHEDULE A-6)	<u>0</u>
7. Total Noncontract AB 5 AND AB 1183 Reductions	\$ <u><u>1,024,689</u></u> (To Schedule 1, Line 9)

COMPUTATION OF MEDI-CAL REIMBURSEMENT SETTLEMENT
AB 5 - 10% REDUCTION TO SERVICES FROM APRIL 6, 2009 THROUGH April 12, 2011 - NONCONTRACT HOSPITALS

Provider Name:
MERCY HOSPITAL BAKERSFIELD

Fiscal Period Ended:
JUNE 30, 2010

Provider No.
1104981661

Audited Medi-Cal Cost Per Day

1. Medi-Cal Cost of Covered Services (Schedule 3, Line 8)	\$ <u>10,291,500</u>
2. Less: Medi-Cal Administrative Day Cost (Schedule 4A, Lines 28 and 31)	<u>44,610</u>
3. Less: Medi-Cal Administrative Ancillary Cost (Schedule A-7)	<u>0</u>
4. Total Medi-Cal Cost of Covered Services Subject to Reductions(Line 1 - Lines 2 and 3)	\$ <u><u>10,246,890</u></u>
5. Total Audited Medi-Cal Days (Schedules 4, 4A and 4B, excludes Administrative Days)	<u><u>4,515</u></u>
6. Audited Medi-Cal Cost Per Day (Line 4 / Line 5)	\$ <u><u>2,269.52</u></u>

AB 5 - 10 % Cost Reduction For Services From 04/06/09 Through 04/12/11

7. Audited Medi-Cal Days of Service from 04/06/09 Through 04/12/11(excludes Administrative Days)	<u>4,515</u>
8. Audited Medi-Cal Cost For 04/06/09 Through 04/12/11(Line 6 * Line 7)	\$ <u>10,246,890</u>
9. AB 5 - 10% Cost Reduction for 04/06/09 Through 04/12/11 (Line 8 * 10%)	\$ <u><u>1,024,689</u></u> (To Schedule A, Line 3)

COMPUTATION OF LESSER OF
MEDI-CAL REASONABLE COST OR CUSTOMARY CHARGESProvider Name:
MERCY HOSPITAL BAKERSFIELDFiscal Period Ended:
JUNE 30, 2010Provider NPI:
1104981661

REPORTED

AUDITED

REASONABLE COST OF MEDI-CAL INPATIENT SERVICES

1. Cost of Covered Services (Schedule 3) \$ 9,873,738 \$ 10,291,500

CHARGES FOR MEDI-CAL INPATIENT SERVICES

2. Inpatient Routine Service Charges (Adj 40) \$ 13,824,866 \$ 15,217,6513. Inpatient Ancillary Service Charges (Adj 40) \$ 30,406,945 \$ 32,228,0574. Total Charges - Medi-Cal Inpatient Services \$ 44,231,811 \$ 47,445,7085. Excess of Customary Charges Over Reasonable Cost
(Line 4 minus Line 1) * \$ 34,358,073 \$ 37,154,2086. Excess of Reasonable Cost Over Customary Charges
(Line 1 minus Line 4) \$ 0 \$ 0
(To Schedule 1)

* If charges exceed reasonable cost, no further calculation necessary for this schedule.

COMPUTATION OF
MEDI-CAL INPATIENT ROUTINE SERVICE COSTProvider Name:
MERCY HOSPITAL BAKERSFIELDFiscal Period Ended:
JUNE 30, 2010Provider NPI:
1104981661

GENERAL SERVICE UNIT NET OF SWING-BED COSTS

REPORTED	AUDITED
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INPATIENT DAYS

1. Total Inpatient Days (include private & swing-bed) (Adj 33)	50,267	50,057
2. Inpatient Days (include private, exclude swing-bed) (Adj 33)	50,267	50,057
3. Private Room Days (exclude swing-bed private room) (Adj)	0	0
4. Semi-Private Room Days (exclude swing-bed) (Adj 33)	50,267	50,057
5. Medicare NF Swing-Bed Days through Dec 31 (Adj)	0	0
6. Medicare NF Swing-Bed Days after Dec 31 (Adj)	0	0
7. Medi-Cal NF Swing-Bed Days through July 31 (Adj)	0	0
8. Medi-Cal NF Swing-Bed Days after July 31 (Adj)	0	0
9. Medi-Cal Days (excluding swing-bed) (Adj 37)	3,007	3,225

SWING-BED ADJUSTMENT

17. Medicare NF Swing-Bed Rates through Dec 31 (Adj)	\$ 0.00	\$ 0.00
18. Medicare NF Swing-Bed Rates after Dec 31 (Adj)	\$ 0.00	\$ 0.00
19. Medi-Cal NF Swing-Bed Rates through July 31 (Adj)	\$ 0.00	\$ 0.00
20. Medi-Cal NF Swing-Bed Rates after July 31 (Adj)	\$ 0.00	\$ 0.00
21. Total Routine Serv Cost (Sch 8, Line 25, Col 27)	\$ 49,073,755	\$ 46,598,893
22. Medicare NF Swing-Bed Cost through Dec 31 (L 5 x L 17)	\$ 0	\$ 0
23. Medicare NF Swing-Bed Cost after Dec 31 (L 6 x L 18)	\$ 0	\$ 0
24. Medi-Cal NF Swing-Bed Cost through July 31 (L 7 x L 19)	\$ 0	\$ 0
25. Medi-Cal NF Swing-Bed Cost after July 31 (L 8 x L 20)	\$ 0	\$ 0
26. Total Swing-Bed Cost (Sum of Lines 22 to 25)	\$ 0	\$ 0
27. Inpatient Routine Cost Net of Swing-Bed (L 21 minus L 26)	\$ 49,073,755	\$ 46,598,893

PRIVATE ROOM DIFFERENTIAL ADJUSTMENT

28. Gen Inpatient Routine Serv Charges (excl swing-bed charges) (Adj 36)	\$ 135,434,965	\$ 139,261,064
29. Private Room Charges (excluding swing-bed charges)	\$ 0	\$ 0
30. Semi-Private Room Charges (excluding swing-bed charges)	\$ 135,464,965	\$ 135,464,965
31. Gen Inpatient Routine Service Cost/Charge Ratio (L 27 / L 28)	\$ 0.362342	\$ 0.334615
32. Average Private Room Per Diem Charge (L 29 / L 3)	\$ 0.00	\$ 0.00
33. Average Semi-Private Room Per Diem Charge (L 30 / L 4)	\$ 2,694.91	\$ 2,706.21
34. Avg Per Diem Prvt Room Charge Differential (L 32 minus L 33)	\$ 0.00	\$ 0.00
35. Average Per Diem Private Room Cost Differential (L 31 x L 34)	\$ 0.00	\$ 0.00
36. Private Room Cost Differential Adjustment (L 35 x L 3)	\$ 0	\$ 0
37. Inpatient Rout Cost Net of Swing-Bed & Prvt Rm (L 27 minus L 36)	\$ 49,073,755	\$ 46,598,893

PROGRAM INPATIENT OPERATING COST

38. Adjusted General Inpatient Routine Cost Per Diem (L 37 / L 2)	\$ 976.26	\$ 930.92
39. Program General Inpatient Routine Service Cost (L 9 x L 38)	\$ 2,935,614	\$ 3,002,217
40. Cost Applicable to Medi-Cal (Sch 4A)	\$ 1,891,597	\$ 2,110,569
41. Cost Applicable to Medi-Cal (Sch 4B)	\$ 0	\$ 0
42. TOTAL MEDI-CAL ROUTINE COST (Sum of Lines 39,40 & 41)	\$ 4,827,211	\$ 5,112,786

(To Schedule 3)

COMPUTATION OF
MEDI-CAL INPATIENT ROUTINE SERVICE COSTProvider Name:
MERCY HOSPITAL BAKERSFIELDFiscal Period Ended:
JUNE 30, 2010Provider NPI:
1104981661

SPECIAL CARE AND/OR NURSERY UNITS	REPORTED	AUDITED
NURSERY		
1. Total Inpatient Routine Cost (Sch 8, Line 33, Col 27)	\$ 1,839,253	\$ 4,176,937
2. Total Inpatient Days (Adj 33,34)	2,898	4,454
3. Average Per Diem Cost	\$ 634.66	\$ 937.79
4. Medi-Cal Inpatient Days (Adj 37)	290	395
5. Cost Applicable to Medi-Cal	\$ 184,051	\$ 370,427
INTENSIVE CARE UNIT		
6. Total Inpatient Routine Cost (Sch 8, Line 26, Col 27)	\$ 13,478,237	\$ 12,878,694
7. Total Inpatient Days (Adj 33)	6,747	6,734
8. Average Per Diem Cost	\$ 1,997.66	\$ 1,912.49
9. Medi-Cal Inpatient Days (Adj 37)	779	855
10. Cost Applicable to Medi-Cal	\$ 1,556,177	\$ 1,635,179
CORONARY CARE UNIT		
11. Total Inpatient Routine Cost (Sch 8, Line 27, Col 27)	\$ 0	\$ 0
12. Total Inpatient Days (Adj)	0	0
13. Average Per Diem Cost	\$ 0.00	\$ 0.00
14. Medi-Cal Inpatient Days (Adj)	0	0
15. Cost Applicable to Medi-Cal	\$ 0	\$ 0
NEONATAL INTENSIVE CARE UNIT		
16. Total Inpatient Routine Cost (Sch 8, Line 26.01, Col 27)	\$ 4,500,361	\$ 1,603,877
17. Total Inpatient Days (Adj 33,34)	2,765	1,063
18. Average Per Diem Cost	\$ 1,627.62	\$ 1,508.82
19. Medi-Cal Inpatient Days (Adj 37)	93	40
20. Cost Applicable to Medi-Cal	\$ 151,369	\$ 60,353
SURGICAL INTENSIVE CARE UNIT		
21. Total Inpatient Routine Cost (Sch 8, Line 29, Col 27)	\$ 0	\$ 0
22. Total Inpatient Days (Adj)	0	0
23. Average Per Diem Cost	\$ 0.00	\$ 0.00
24. Medi-Cal Inpatient Days (Adj)	0	0
25. Cost Applicable to Medi-Cal	\$ 0	\$ 0
ADMINISTRATIVE DAYS		
26. Per Diem Rate (Adj 38)	\$ 0.00	\$ 351.26
27. Medi-Cal Inpatient Days (Adj 38)	0	127
28. Cost Applicable to Medi-Cal	\$ 0	\$ 44,610
ADMINISTRATIVE DAYS		
29. Per Diem Rate (Adj)	\$ 0.00	\$ 0.00
30. Medi-Cal Inpatient Days (Adj)	0	0
31. Cost Applicable to Medi-Cal	\$ 0	\$ 0
32. Medi-Cal Routine Cost (Sum of Lines 5,10,15,20,25,28,31)	\$ 1,891,597	\$ 2,110,569

(To Schedule 4)

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments				
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<u>MEMORANDUM ADJUSTMENT</u>											
1	1	E-3	III	XIX	50.00	1	Total Noncontract AB 5 Reductions	\$957,517	\$67,172	\$1,024,689	
							The services provided to Medi-Cal inpatients in Noncontract acute hospitals are subject to various reimbursement limitations identified in AB 5 and AB 1183. These limitations are addressed on Noncontract Schedule A and are incorporated on Noncontract Schedule 1, Line 9. W & I Code, Sections 14105.19 and 14166.245				

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<u>RECLASSIFICATIONS OF REPORTED COSTS</u>											
2	10A	A			11.00	7	Dietary	\$1,559,047	(\$691,664)	\$867,383	
	10A	A			12.00	7	Cafeteria	563,871	691,664	1,255,535	
							To adjust provider's reclassification of cafeteria costs to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
3	10A	A			39.00	7	Delivery Room & Labor Room	\$2,892,364	(\$242)	\$2,892,122	
	10A	A			25.00	7	Adults and Pediatrics	23,731,283	67	23,731,350	
	10A	A			33.00	7	Nursery	819,035	175	819,210 *	
							To reclassify birthing center expenses for proper cost determination and to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
4	10A	A			6.00	7	Administrative and General	\$31,589,844	(\$716,076)	\$30,873,768 *	
	10A	A			100.01	7	Mercy Childcare	72,248	716,076	788,324 *	
							To reclassify childcare expense not related to Mercy Hospital employees for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.2, 2300, 2304, 2306.1 and 2328				
5	10A	A			8.00	7	Operation of Plant	\$3,683,233	(\$37,611)	\$3,645,622	
	10A	A			100.01	7	Mercy Childcare	* 788,324	37,611	825,935 *	
							To reclassify utilities expense to a nonreimbursable cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328				

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report			Col.						
Work Sheet	Part	Title	Line	Col.							
<u>RECLASSIFICATIONS OF REPORTED COSTS</u>											
6	10A	A		3.00	7	New Capital Related Costs - Building and Fixture	\$5,826,369	(\$14,477)	\$5,811,892	*	
	10A	A		4.00	7	New Capital Related Costs - Movable Equipment	6,653,830	(8,182)	6,645,648		
	10A	A		100.01	7	Mercy Childcare	* 825,935	22,659	848,594	*	
To reclassify capital related costs for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328											
7	10A	A		7.00	7	Maintenance and Repairs	\$3,746,909	(\$73,673)	\$3,673,236		
	10A	A		100.01	7	Mercy Childcare	* 848,594	73,673	922,267	*	
To reclassify maintenance and repairs staff salaries applicable t Mercy Childcare for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328											
8	10A	A		3.00	7	New Capital Related Costs - Building and Fixture	* \$5,811,892	(\$261,094)	\$5,550,798	*	
	10A	A		100.02	7	Community Relations	1,171,838	261,094	1,432,932	*	
To reclassify medical office building lease expense to a nonreimbursable cost center for proper cost determination. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304 and 2328											
9	10A	A		6.00	7	Administrative and General	* \$30,873,768	(\$60,574)	\$30,813,194	*	
	10A	A		100.02	7	Community Relations	* 1,432,932	60,574	1,493,506	*	
To reclassify volunteer services expense to a nonreimbursable cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 704.2, 2300, 2304 and 2328											
10	10A	A		6.00	7	Administrative and General	* \$30,813,194	(\$1,197,664)	\$29,615,530	*	
	10A	A		65.00	7	Ambulance	0	1,197,664	1,197,664		
To reclassify ambulance expense for proper cost reporting. 42 CFR 413.20 and 413.24 CMS Pub. 15-2, Section 3610 CCR, Title 22, Sections 51323 and 51527											

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<u>RECLASSIFICATIONS OF REPORTED COSTS</u>											
11	10A	A			6.00	7	Administrative and General	*	\$29,615,530	(\$128,537)	\$29,486,993 *
	10A	A			100.02	7	Community Relations To reclassify children health initiative expense to a nonreimbursable cost center for proper cost determination. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304 and 2328	*	1,493,506	128,537	1,622,043
12	10A	A			26.01	7	NICU		\$2,352,819	(\$1,434,043)	\$918,776
	10A	A			33.00	7	Nursery To reclassify nursery expense for proper cost determination. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2202.6, 2202.7(B), 2300 and 2304	*	819,210	1,434,043	2,253,253

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
ADJUSTMENTS TO REPORTED COSTS												
	10A	A			3.00	7	New Capital Related Costs - Building and Fixture	*	\$5,550,798			
13							To eliminate bond interest related to the issuance and refinancing of bonds issued prior to October 26, 2006. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 202.2, 2300 and 2304 Final Decision Pursuant to Stipulation of the Parties in the matter of Mercy Medical Center-Mt Shasta, Appeal #HA4-0601-438-DN			(\$919,944)		
14							To eliminate bond interest expense due to unnecessary borrowing. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 202.2, 2300 and 2304			(331,681)		
15							To eliminate revolving loan interest expense due to unnecessary borrowing. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 202.2, 2300 and 2304			(1,320,435)		
16							To reverse provider's abatement of Medical Office Building revenue. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304 and 2328			<u>93,308</u> (\$2,478,752) \$3,072,046		
17	10A	A			6.00	7	Administrative and General To reverse provider's offset of childcare revenue associated with a nonreimbursable cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.2, 2300, 2304, 2306 and 2328	*	\$29,486,993	\$703,874 \$30,190,867 *		
18	10A	A			5.00	7	Employee Benefits To adjust health insurance for employees treated at facility and a related facility, and to agree with provider's cost analysis. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2162.7, 2300 and 2304		\$29,268,448	(\$1,474,981) \$27,793,467 *		
*Balance carried forward from prior/to subsequent adjustments												

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<u>ADJUSTMENTS TO REPORTED COSTS</u>												
19	10A	A			5.00	7	Employee Benefits	*	\$27,793,467	\$1,028,225	\$28,821,692	
	10A	A			6.00	7	Administrative and General	*	30,190,867	(2,901,629)	27,289,238	
							To adjust reported home office costs to agree with amended Catholic Healthcare West Home Office Audit Report for fiscal period ended June 30, 2010.					
							42 CFR 413.17, 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2150.2, 2300 and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References												
Adj. No.	Audit Report	Cost Report					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
		Work Sheet	Part	Title	Line	Col.						
<u>ADJUSTMENTS TO REPORTED STATISTICS</u>												
20	9	B-1		6.00	1-4	Administrative and General (Square Feet)	173,213	(131,836)	41,377			
	9	B-1		9.00	1-4,7,8	Laundry and Linen Service	2,618	(2,618)	0			
	9	B-1		17.00	1-4,7,8,10	Medical Records and Library	13,241	2,618	15,859			
	9	B-1		37.00	1-4,7,8,10	Operating Room	33,344	(500)	32,844			
	9	B-1		41.00	1-4,7,8,10	Radiology - Diagnostic	18,042	(1,000)	17,042			
	9	B-1		48.00	1-4,7,8,10	Intravenous Therapy	0	1,000	1,000			
	9	B-1		50.00	1-4,7,8,10	Physical Therapy	1,680	(673)	1,007			
	9	B-1		60.00	1-4,7,8,10	Clinic	9,956	437	10,393			
	9	B-1		100.00	1-4,7,8,10	Mission Services	0	1,000	1,000			
	9	B-1		100.02	1-4,7,8,10	Community Relations	183	8,234	8,417			
	9	B-1		100.07	1-4,7,8,10	Unused Space	18,026	(6,601)	11,425			
	9	B-1		100.09	1-4,7,8,10	Marketing	0	200	200			
	9	B-1		100.11	1-4,7,8,10	Foundation	0	3,945	3,945			
	9	B-1		100.12	1-4,7,8,10	Chaplaincy	605	493	1,098			
	9	B-1		1.00	1	Total - Square Feet	513,777	(125,301)	388,476			
	9	B-1		2.00	2	Total - Square Feet	513,777	(125,301)	388,476			
	9	B-1		3.00	3	Total - Square Feet	513,777	(125,301)	388,476			
	9	B-1		4.00	4	Total - Square Feet	513,777	(125,301)	388,476			
	9	B-1		7.00	7	Total - Square Feet	304,240	6,535	310,775			
	9	B-1		8.00	8	Total - Square Feet	304,140	6,535	310,675			
	9	B-1		10.00	10	Total - Square Feet	297,444	9,153	306,597			
To adjust square footage statistics to agree with provider's records and prior years audit findings. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304, 2306 and 2328												

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<u>ADJUSTMENTS TO REPORTED STATISTICS</u>												
21	9	B-1			6.00	5	Administrative and General (Gross Salaries)		11,749,573	(85,500)	11,664,073 *	
	9	B-1			5.00	5	Total - Gross Salaries		91,936,631	(85,500)	91,851,131	
							To adjust gross salaries statistics to agree with provider's trial balance. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2306					
22	9	B-1			26.01	11	Neonatal Intensive Care Unit (Patient Days)		2,765	(2,765)	0	
	9	B-1			33.00	11	Nursery		2,898	(2,898)	0	
					11.00	11	Total - Patient Days		61,021	(5,663)	55,358	
							To adjust dietary statistics for reasonableness and proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2306					
23	9	B-1			6.00	5	Administrative and General (Gross Salaries)	*	11,664,073	(619,566)	11,044,507 *	
	9	B-1			100.01	5,12	Mercy Childcare		71,776	619,566	691,342 *	
					12.00	12	Total - Gross Salaries		75,489,321	619,566	76,108,887 *	
							To reclassify childcare salary statistics for proper allocation of overhead costs in conjunction with audit adjustment 4. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304, 2306 and 2328					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<u>ADJUSTMENTS TO REPORTED STATISTICS</u>												
24	9	B-1			7.00	5	Maintenance and Repairs (Gross Salaries)		1,391,365	(73,673)	1,317,692	
	9	B-1			100.01	5,12	Mercy Childcare	*	691,342	73,673	765,015	
					12.00	12	Total - Gross Salaries	*	76,108,887	73,673	76,182,560 *	
							To reclassify maintenance salary statistics for proper allocation of overhead costs in conjunction with audit adjustment 7. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304, 2306 and 2328					
25	9	B-1			6.00	5	Administrative and General (Gross Salaries)	*	11,044,507	(49,535)	10,994,972 *	
	9	B-1			100.02	5,12	Community Relations		207,195	49,535	256,730 *	
	9	B-1			12.00	12	Total - Gross Salaries	*	76,182,560	49,535	76,232,095 *	
							To reclassify salaries statistics applicable to volunteer services for proper allocation of overhead costs in conjunction with adjustment 9. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 704.2, 2300, 2304, 2306 and 2328					
26	9	B-1			6.00	5	Administrative and General (Gross Salaries)	*	10,994,972	(92,305)	10,902,667	
	9	B-1			100.02	5,12	Community Relations	*	256,730	92,305	349,035	
	9	B-1			12.00	12	Total - Gross Salaries	*	76,232,095	92,305	76,324,400	
							To reclassify salaries statistics applicable to children health initiative for proper allocation of overhead costs in conjunction with adjustment 11. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 704.2, 2300, 2304, 2306 and 2328					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<u>ADJUSTMENTS TO REPORTED STATISTICS</u>												
27	9	B-1			26.01	1-4	NICU (Square Feet)	2,250	(1,371)	879		
	9	B-1			33.00	1-4	Nursery	3,488	1,371	4,859		
28	9	B-1			26.01	7,8,10	NICU (Square Feet)	2,250	(1,371)	879		
	9	B-1			33.00	7,8,10	Nursery	3,488	1,371	4,859		
29	9	B-1			26.01	5,12	NICU (Gross Salaries)	2,259,616	(1,377,236)	882,380		
	9	B-1			33.00	5,12	Nursery	732,533	1,377,236	2,109,769		
30	9	B-1			26.01	9,18	NICU (Patient Days)	2,765	(1,685)	1,080		
	9	B-1			33.00	9,18	Nursery	2,898	1,685	4,583		
31	9	B-1			26.01	14	NICU (Direct Nursing Salaries)	1,828,017	(1,377,236)	450,781		
	9	B-1			33.00	14	Nursery	0	1,377,236	1,377,236		
32	9	B-1			26.01	17	NICU (Gross Revenue)	11,613,012	(6,835,561)	4,777,451		
	9	B-1			33.00	17	Nursery	5,402,915	6,835,561	12,238,476		
To reclassify statistics for proper allocation of overhead costs. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2202.6, 2202.7(B), 2300, 2304 and 2306												

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010			1104981661		42
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.						
ADJUSTMENTS TO REPORTED PATIENT DAYS												
33	4	D-1	I	XIX	1.00	1	Adults and Pediatrics		50,267	(210)	50,057	
	4A	D-1	II	XIX	42.00	2	Nursery		2,898	(129)	2,769 *	
	4A	D-1	II	XIX	43.00	2	Intensive Care Unit		6,747	(13)	6,734	
	4A	D-1	II	XIX	43.01	2	NICU		2,765	(17)	2,748 *	
							To adjust total patient days for employee health services provided at Mercy Hospital Bakersfield to compensate provider for unrecovered cost of employee health insurance. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 332, 2162.7, 2300, 2304 and 2308					
34	4A	D-1	II	XIX	43.01	2	NICU	*	2,748	(1,685)	1,063	
	4A	D-1	II	XIX	42.00	2	Nursery	*	2,769	1,685	4,454	
							To reclassify patient days for proper cost determination. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2202.6, 2202.7(B), 2300 and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
ADJUSTMENTS TO REPORTED TOTAL CHARGES											
35	5	C	I		37.00	8	Operating Room	\$131,047,723	(\$973,838)	\$130,073,885	
	5	C	I		39.00	8	Delivery Room	19,080,005	(455,883)	18,624,122	
	5	C	I		41.00	8	Radiology - Diagnostic	99,246,646	(239,529)	99,007,117	
	5	C	I		42.00	8	Radiology - Therapeutic	3,204,947	(5,572)	3,199,375	
	5	C	I		44.00	8	Laboratory	124,906,792	(428,764)	124,478,028	
	5	C	I		46.00	8	Whole Blood and Packed Red Blood Cells	8,089,195	(37,342)	8,051,853	
	5	C	I		48.00	8	Intravenous Therapy	338,148	(192)	337,956	
	5	C	I		49.00	8	Respiratory Therapy	37,782,012	(50,524)	37,731,488	
	5	C	I		50.00	8	Physical Therapy	2,410,383	(4,332)	2,406,051	
	5	C	I		51.00	8	Occupational Therapy	402,759	(486)	402,273	
	5	C	I		52.00	8	Speech Pathology	338,425	(388)	338,037	
	5	C	I		53.00	8	Electrocardiology	13,065,022	(34,687)	13,030,335	
	5	C	I		55.00	8	Medical Supplies Charged to Patients	23,137,849	(14,849)	23,123,000	
	5	C	I		56.00	8	Drugs Charged to Patients	75,333,686	(213,162)	75,120,524	
	5	C	I		58.02	8	Endoscopy	12,750,620	(30,172)	12,720,448	
	5	C	I		61.00	8	Emergency	89,898,728	(89,448)	89,809,280	
							To adjust total charges for employee health services provided at Mercy Hospital Bakersfield to compensate provider for unrecovered cost of employee health insurance. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 332, 2162.7, 2300, 2304 and 2308				
36	5	C	I		62.00	8	Observation Beds	\$3,826,099	(\$3,826,099)	\$0	
	4	D-1	I		28.00	1	Adults and Pediatrics	135,434,965	3,826,099	139,261,064	
							To reclassify observation bed revenue for proper matching of revenues and expenses. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA - NONCONTRACT											
37	4	D-1	I	XIX	9.00	1	Medi-Cal Inpatient Days - Adults and Pediatrics	3,007	218	3,225	
	4A	D-1	II	XIX	42.00	4	Medi-Cal Inpatient Days - Nursery	290	105	395	
	4A	D-1	II	XIX	43.00	4	Medi-Cal Inpatient Days - Intensive Care Unit	779	76	855	
	4A	D-1	II	XIX	43.01	4	Medi-Cal Inpatient Days - NICU	93	(53)	40	
38	4A	Not Reported						Medi-Cal Administrative Days	0	127	127
	4A	Not Reported						Medi-Cal Administrative Days Rate	\$0.00	\$351.26	\$351.26
39	6	D-4		XIX	37.00	2	Medi-Cal Ancillary Charges - Operating Room	\$2,890,931	\$108,377	\$2,999,308	
	6	D-4		XIX	39.00	2	Medi-Cal Ancillary Charges - Delivery Room and Labor Room	1,120,411	33,092	1,153,503	
	6	D-4		XIX	41.00	2	Medi-Cal Ancillary Charges - Radiology - Diagnostic	7,778,596	(3,065,371)	4,713,225	
	6	D-4		XIX	42.00	2	Medi-Cal Ancillary Charges - Radiology - Therapeutic	156,050	13,800	169,850	
	6	D-4		XIX	44.00	2	Medi-Cal Ancillary Charges - Laboratory	7,394,975	462,237	7,857,212	
	6	D-4		XIX	46.00	2	Medi-Cal Ancillary Charges - Whole Blood and Packed Red Blood Cells	758,466	49,923	808,389	
	6	D-4		XIX	49.00	2	Medi-Cal Ancillary Charges - Respiratory Therapy	11,749	3,107,902	3,119,651	
	6	D-4		XIX	50.00	2	Medi-Cal Ancillary Charges - Physical Therapy	161,247	8,851	170,098	
	6	D-4		XIX	51.00	2	Medi-Cal Ancillary Charges - Occupational Therapy	27,931	1,790	29,721	
	6	D-4		XIX	52.00	2	Medi-Cal Ancillary Charges - Speech Pathology	69,097	(54,949)	14,148	
	6	D-4		XIX	53.00	2	Medi-Cal Ancillary Charges - Electrocardiology	287,173	506,911	794,084	
	6	D-4		XIX	54.00	2	Medi-Cal Ancillary Charges - Electroencephalography	48,014	2,220	50,234	
	6	D-4		XIX	55.00	2	Medi-Cal Ancillary Charges - Medical Supplies Charged to Patients	1,508,215	38,887	1,547,102	
	6	D-4		XIX	56.00	2	Medi-Cal Ancillary Charges - Drugs Charged to Patients	5,156,518	427,115	5,583,633	
	6	D-4		XIX	57.00	2	Medi-Cal Ancillary Charges - Renal Dialysis	412,988	31,280	444,268	
	6	D-4		XIX	58.02	2	Medi-Cal Ancillary Charges - Endoscopy	0	3,052	3,052	
	6	D-4		XIX	61.00	2	Medi-Cal Ancillary Charges - Emergency	2,624,584	145,995	2,770,579	
	6	D-4		XIX	101.00	2	Medi-Cal Ancillary Charges - Total	30,406,945	1,821,112	32,228,057	
40	2	E-3	III	XIX	10.00	1	Medi-Cal Routine Charges - Total	\$13,824,866	\$1,392,785	\$15,217,651	
	2	E-3	III	XIX	11.00	1	Medi-Cal Ancillary Charges - Total	30,406,945	1,821,112	32,228,057	

-Continued on next page-

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA - NONCONTRACT											
-Continued from previous page-											
41	3	E-3	III	XIX	33.00	1	Patient Liability and Other Coverage	\$197,286	(\$5,518)	\$191,768	
	1	E-3	III	XIX	57.00	1	Interim Payments	8,310,207	593,182	8,903,389	
<p style="text-align: center;">To adjust Medi-Cal Settlement Data to agree with the following Fiscal Intermediary Payment Data: Report Date: March 21, 2012 Payment Period: July 1, 2009 through February 29, 2012 Service Period: July 1, 2009 through June 30, 2010 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Sections 51173, 51541, and 51542</p>											

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERCY HOSPITAL BAKERSFIELD							JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661		42
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<u>ADJUSTMENT TO OTHER MATTERS</u>											
42	1	E-3	III	XIX	59.00	1	Protested Amounts To eliminate protested amounts for proper cost determination. 42 CFR 413.20, 413.24 and 413.5 CMS Pub. 15-1, Sections 2300 and 2304 CMS Pub. 15-2, Section 115.2	\$1,087,374	(\$1,087,374)	\$0	