

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

**KAWEAH DELTA HEALTH CARE DISTRICT  
VISALIA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1588663769**

**FISCAL PERIOD ENDED  
JUNE 30, 2010**

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

**Section Chief: Steven Gary  
Audit Supervisor: Gary Diffenderffer  
Auditor: Betty Clark**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

August 29, 2012

Kari Mac Donald  
Financial Analyst  
400 W. Mineral King Ave  
Kaweah Delta Health Care  
Visalia, CA 93291

KAWEAH DELTA HEALTH CARE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1588663769  
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the Rate Development Worksheets for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institution code. The data for the worksheets was obtained from provider records during a field audit.

In our opinion, the audited data presented in the Rate Development Worksheets 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 Worksheets
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 Department's Rate Development Branch 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:

John Melton, Chief  
Office of Administrative Appeals and Hearings  
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 95899-7413  
(916) 440-7745

**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 95814-5005

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—Sacramento at (916) 650-6994.

**Original Signed By**

Steven Gary, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified



## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>KAWEAH DELTA HEALTH CARE DISTRICT</b>
<b>NPI</b>	<b>1588663769</b>
<b>FISCAL PERIOD</b>	<b>JULY 1, 2009 THROUGH JUNE 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 )	8810 - 8813, and/or .71, .72, .73 and .74	\$ 22,501,208
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$ 1,309,629
3. Interest Expense: (Adj )	8860, 8870	\$ 10,387,230
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$ 686,405
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$ 5,780,128
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$ 516,094
<b>B. GROSS OPERATING EXPENSES</b> (Adj )	Sch 10, line 101, col. 3	<b>\$ 404,501,755</b>
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>		
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$
2. Professional Fees (Adj )	.20	\$ 22,103,100
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	<b>\$ 33,550,784</b>
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	<b>\$ 1,640,433</b>
<b>F. DIRECT OPERATING COSTS</b>		
1. Salaries and Wages	.00 - .09, .91, .95	\$ 173,712,277
2. Employee Benefits	.10 - .19, .92, .96	\$ 42,596,696
3. Other Professional Fees	.21 - .29	\$ 5,350,736
4. Purchased Services	.61 - .69	\$ 22,835,850
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 60,122,992
6. Other Direct Operating Expense	.85 - .90	\$

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAWEAH DELTA HEALTH CARE DISTRICT</b>
<b>NPI</b>	<b>1588663769</b>
<b>FISCAL PERIOD</b>	<b>JULY 1, 2009 THROUGH JUNE 30, 2010</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj )			
a. Productive Salaries	.00	\$	15,169,777
b. Productive Hours			293,029.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	38,243,039
b. Productive Hours			1,105,116.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	66,701,938
b. Productive Hours			1,516,762.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	2,235,508
b. Productive Hours			107,350.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	10,824,612
b. Productive Hours			822,839.00
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	567,311
b. Productive Hours			12,879.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	6,515,933
b. Productive Hours			530,501.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	11,629,270
b. Productive Hours			806,801.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	1,682,521
b. Productive Hours			122,230.00
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	20,142,369
b. Nonproductive Hours	Report or Provider W/P		693,706.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>153,569,909</u>
2. Productive Hours (lines A1b - A10b)			<u>5,317,507.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>173,712,278</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>6,011,213.00</u></b>

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2009 THROUGH JUNE 30, 2010		1588663769	7
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	\$ 33,775,812	\$ 1,509,251	\$ 35,285,063
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 348,281	\$ 582,298	\$ 930,579
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	14,501	107.75	14,608.75
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	1,514	182	1,696
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	4,541	220.50	4761.50
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Contract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Contract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Contract			

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2009 THROUGH JUNE 30, 2010		1588663769	7
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
	1	3	D	Total Hospital Discharges	21,816		21,816
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	3,222	357	3,579
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 131,600,637	\$ 14,367,661	\$ 145,968,298
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 22,501,208	\$	\$ 22,501,208
	2	4	A 2	Rent and Lease Expense	\$ 1,309,629	\$	\$ 1,309,629
	2	4	A 3	Interest Expense	\$ 10,387,230	\$	\$ 10,387,230
	2	4	A 4	Property Taxes and License Fees	\$ 686,405	\$	\$ 686,405
	2	4	A 5	Utility Expense	\$ 5,780,128	\$	\$ 5,780,128
	2	4	A 6	Malpractice Insurance Expense	\$ 516,094	\$	\$ 516,094
	2	4	B	Gross Operating Expenses	\$ 404,501,755	\$	\$ 404,501,755
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$	\$	\$
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 22,103,100	\$	\$ 22,103,100
	2	4	D	Pharmacy Nonlabor Expense	\$ 33,550,784	\$	\$ 33,550,784

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2009 THROUGH JUNE 30, 2010		1588663769	7
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
2	4	E		Food Services Nonlabor Expense	\$ 1,640,433	\$	\$ 1,640,433
2	4	F 1		Direct Operating—Salaries and Wages	\$ 173,712,277	\$	\$ 173,712,277
2	4	F 2		Direct Operating—Employee Benefits	\$ 42,596,696	\$	\$ 42,596,696
2	4	F 3		Direct Operating—Other Professional Fees	\$ 5,350,736	\$	\$ 5,350,736
2	4	F 4		Direct Operating—Purchased Services	\$ 22,835,850	\$	\$ 22,835,850
2	4	F 5		Direct Operating—Supplies	\$ 60,122,992	\$	\$ 60,122,992
2	4	F 6		Direct Operating—Other Direct Operating Expense	\$	\$	\$
3	5	A 1 a		Management and Supervision—Productive Salaries	\$ 15,169,777	\$	\$ 15,169,777
3	5	A 1 b		Management and Supervision—Productive Hours	293,029		293,029
3	5	A 2 a		Technicians and Specialists—Productive Salaries	\$ 38,243,039	\$	\$ 38,243,039
3	5	A 2 b		Technicians and Specialists—Productive Hours	1,105,116		1,105,116
3	5	A 3 a		Registered Nurses—Productive Salaries	\$ 66,701,938	\$	\$ 66,701,938
3	5	A 3 b		Registered Nurses—Productive Hours	1,516,762		1,516,762
3	5	A 4 a		Licensed Vocational Nurses—Productive Salaries	\$ 2,235,508	\$	\$ 2,235,508
3	5	A 4 b		Licensed Vocational Nurses—Productive Hours	107,350		107,350
3	5	A 5 a		Aides and Orderlies—Productive Salaries	\$ 10,824,612	\$	\$ 10,824,612
3	5	A 5 b		Aides and Orderlies—Productive Hours	822,839		822,839

Provider Name				Fiscal Period		NPI	Adjustments
KAWEAH DELTA HEALTH CARE DISTRICT				JULY 1, 2009 THROUGH JUNE 30, 2010		1588663769	7
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
3		5	A 6 a	Physicians (Salaried)—Productive Salaries	\$		\$
3		5	A 6 b	Physicians (Salaried)—Productive Hours			
3		5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$	567,311	\$
3		5	A 7 b	Nonphysician Medical Practitioners—Productive Hours		12,879	
3		5	A 8 a	Environmental and Food Services—Productive Salaries	\$	6,515,933	\$
3		5	A 8 b	Environmental and Food Services—Productive Hours		530,501	
3		5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$	11,629,270	\$
3		5	A 9 b	Clerical and Other Administrative—Productive Hours		806,801	
3		5	A 10 a	Other Salaries and Wages—Productive Salaries	\$	1,682,521	\$
3		5	A 10 b	Other Salaries and Wages—Productive Hours		122,230	
3		5	A 11	Nonproductive Salaries and Wages	\$	20,142,369	\$
3		5	A 11	Nonproductive Hours		693,706	
3		5	B 1	Subtotal Productive Salaries	\$	153,569,909	\$
3		5	B 2	Subtotal Productive Hours		5,317,507	
3		5	C	Total Productive and Nonproductive Salaries	\$	173,712,278	\$
3		5	D	Total Productive and Nonproductive Hours		6,011,213	
To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536							