

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

**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

October 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 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

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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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief  
Audits Section—Fresno  
Financial Audits Branch

Certified

## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>MERCY HOSPITAL BAKERSFIELD</b>
<b>NPI</b>	<b>1104981661</b>
<b>FISCAL PERIOD</b>	<b>JULY 1, 2009 THROUGH JUNE 30, 2010</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	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)	\$ 10,246,890	\$	\$ 10,246,890
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 191,768	\$	\$ 191,768
C. Medi-Cal Inpatient Days (Adj 3-6) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	3,225		3,225
2. ICU	855		855
3. CCU			
4. Nursery	395		395
5. NICU	40		40
6. Other (Specify)			
D. Total Hospital Discharges ** (Adj 7)	N/A	N/A	12,222
E. Total Medi-Cal Discharges** (Adj 8)	943		943
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 9)	\$ 47,136,483	\$	\$ 47,136,483

\* 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>MERCY HOSPITAL BAKERSFIELD</b>
<b>NPI</b>	<b>1104981661</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:	8810 - 8813, and/or .71, .72, .73 and .74	\$	7,344,409
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	2,706,398
3. Interest Expense:	8860, 8870	\$	2,599,532
4. Property Taxes and License Fees:	8850 and/or .83	\$	431,143
5. Utility Expense:	.77, .78, .79, and .80	\$	2,820,240
6. Malpractice Insurance Expense:	8830 and/or .81	\$	736,764
<b>B. GROSS OPERATING EXPENSES</b> (Adj 10)	Sch 10, line 101, col. 3	\$	200,813,676
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	3,163,296
<b>D. PHARMACY NONLABOR EXPENSE</b>	8390.37 and 8390.38	\$	7,329,435
<b>E. FOOD SERVICES NONLABOR EXPENSE</b>	8320, 8330 and 8340 and/or .42 and .43	\$	1,232,957
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	92,607,729
2. Employee Benefits	.10 - .19, .92, .96	\$	30,301,994
3. Other Professional Fees	.21 - .29	\$	2,612,393
4. Purchased Services (Adj 11)	.61 - .69	\$	21,746,259
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	23,353,621

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>MERCY HOSPITAL BAKERSFIELD</b>
<b>NPI</b>	<b>1104981661</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 12)			
a. Productive Salaries	.00	\$	9,936,522
b. Productive Hours			161,493.00
2. Technicians and Specialists (Adj 13)			
a. Productive Salaries	.01	\$	18,846,703
b. Productive Hours			567,199.00
3. Registered Nurses (Adj 14)			
a. Productive Salaries	.02	\$	36,717,083
b. Productive Hours			798,136.00
4. Licensed Vocational Nurses (Adj 15)			
a. Productive Salaries	.03	\$	817,926
b. Productive Hours			21,777.00
5. Aides and Orderlies (Adj 16)			
a. Productive Salaries	.04	\$	2,720,749
b. Productive Hours			140,410.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	
b. Productive Hours			
8. Environmental and Food Services (Adj 17)			
a. Productive Salaries	.06	\$	2,907,538
b. Productive Hours			177,374.00
9. Clerical and Other Administrative (Adj 18)			
a. Productive Salaries	.05	\$	6,382,281
b. Productive Hours			333,142.00
10. Other Salaries and Wages (Adj 19)			
a. Productive Salaries	.09	\$	1,713,195
b. Productive Hours			53,398.00
11. All Nonproductive Salaries and Wages (Adj 20)			
a. Nonproductive Salaries	Labor Distribution	\$	12,565,732
b. Nonproductive Hours	Report or Provider W/P		354,418.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a) (Adj 21)		\$	80,041,997
2. Productive Hours (lines A1b - A10b)			<u>2,252,929.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>92,607,729</u></b>
(Adj 22)			
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,607,347.00</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
MERCY HOSPITAL BAKERSFIELD				JULY 1, 2009 THROUGH JUNE 30, 2010	1104981661	22	
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	\$ 9,873,738	\$ 373,152	\$ 10,246,890
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 197,286	\$ (5,518)	\$ 191,768
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	3,007	218	3,225
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	779	76	855
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	290	105	395
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	93	(53)	40
7	1	3	D	Total Hospital Discharges	0	12,222	12,222
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	1,024	(81)	943
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 44,231,811	\$ 2,904,672	\$ 47,136,483
10	2	4	B	Gross Operating Expenses	\$ 214,855,480	\$ (14,041,804)	\$ 200,813,676
11	2	4	F 4	Direct Operating—Purchased Services	\$ 14,258,880	\$ 7,487,379	\$ 21,746,259
12	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 8,623,135	\$ 1,313,387	\$ 9,936,522
13	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 18,886,936	\$ (40,233)	\$ 18,846,703

Provider Name				Fiscal Period		NPI	Adjustments
MERCY HOSPITAL BAKERSFIELD				JULY 1, 2009 THROUGH JUNE 30, 2010		1104981661	22
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
14	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 36,806,626	\$ (89,543)	\$ 36,717,083
15	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 606,582	\$ 211,344	\$ 817,926
16	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 2,690,561	\$ 30,188	\$ 2,720,749
17	3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 2,897,001	\$ 10,537	\$ 2,907,538
18	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 6,354,362	\$ 27,919	\$ 6,382,281
19	3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 1,023,985	\$ 689,210	\$ 1,713,195
20	3	5	A 11	Nonproductive Salaries and Wages	\$ 13,885,642	\$ (1,319,910)	\$ 12,565,732
21	3	5	B 1	Subtotal Productive Salaries	\$ 77,889,189	\$ 2,152,808	\$ 80,041,997
22	3	5	C	Total Productive and Nonproductive Salaries	\$ 91,774,831	\$ 832,898	\$ 92,607,729
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			

