

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

**KAISER FOUNDATION HOSPITALS - FRESNO
FRESNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1083784672**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kristina Nacino
Auditor: Lisa Merrill**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 28, 2012

Rosemary Lee
Director of Medicare Finance
Kaiser Foundation Hospitals
393 East Walnut Street, 4NW-044W01
Pasadena, CA 91188

KAISER FOUNDATION HOSPITALS - FRESNO
NATIONAL PROVIDER IDENTIFIER (NPI) 1083784672
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 limited 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

Rosemary Lee
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(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
NPI
FISCAL PERIOD
CONTRACT PERIOD

KAISER FOUNDATION HOSPITALS - FRESNO
1083784672
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj 7)	8810 - 8813, and/or .71, .72, .73 and .74	\$	7,210,865
2. Rent and Lease Expense: (Adj 8)	8820-8822, and/or .75 and .76	\$	5,571,637
3. Interest Expense: (Adj)	8860, 8870	\$	901,754
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	175,136
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	1,978,787
6. Malpractice Insurance Expense: (Adj 9)	8830 and/or .81	\$	779,095
B. GROSS OPERATING EXPENSES (Adj)	Sch 10, line 101, col. 3	\$	254,938,645
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj 10)	.20	\$	480,966
D. PHARMACY NONLABOR EXPENSE (Adj 11)	8390.37 and 8390.38	\$	7,176,298
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	531,771
F. DIRECT OPERATING COSTS (Adj 12-15)			
1. Salaries and Wages	.00 - .09, .91, .95	\$	64,442,826
2. Employee Benefits	.10 - .19, .92, .96	\$	28,253,490
3. Other Professional Fees	.21 - .29	\$	8,261
4. Purchased Services	.61 - .69	\$	89,300,226
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	13,885,227

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS - FRESNO				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1083784672	27	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 111,037	\$ 47,482	\$ 158,519
2	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	27	9	36
3	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	0	3	3
4	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	0	5	5
5	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	9	4	13
6	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 207,560	\$ (73,694)	\$ 133,866
7	2	4	A 1	Depreciation Expense	\$ 7,069,204	\$ 141,661	\$ 7,210,865
8	2	4	A 2	Rent and Lease Expense	\$ 5,927,208	\$ (355,571)	\$ 5,571,637
9	2	4	A 6	Malpractice Insurance Expense	\$ 497,627	\$ 281,468	\$ 779,095
10	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 0	\$ 480,966	\$ 480,966
11	2	4	D	Pharmacy Nonlabor Expense	\$ 7,270,154	\$ (93,856)	\$ 7,176,298
12	2	4	F 1	Direct Operating—Salaries and Wages	\$ 64,551,566	\$ (108,740)	\$ 64,442,826
13	2	4	F 2	Direct Operating—Employee Benefits	\$ 28,179,228	\$ 74,262	\$ 28,253,490
14	2	4	F 4	Direct Operating—Purchased Services	\$ 64,401,771	\$ 24,898,455	\$ 89,300,226

Provider Name				Fiscal Period		NPI	Adjustments
KAISER FOUNDATION HOSPITALS - FRESNO				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1083784672	27
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Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
15	2	4	F 5	Direct Operating—Supplies	\$ 13,402,757	\$ 482,470	\$ 13,885,227
16	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 7,690,396	\$ 117	\$ 7,690,513
17	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 4,313,797	\$ 232	\$ 4,314,029
18	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 25,675,176	\$ (874)	\$ 25,674,302
19	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 307,537	\$ (19)	\$ 307,518
20	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 2,442,253	\$ (90)	\$ 2,442,163
21	3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 0	\$ 267,436	\$ 267,436
22	3	5	A 8 b	Environmental and Food Services—Productive Hours	0	5,921	5,921
23	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 4,310,579	\$ 131	\$ 4,310,710
24	3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 10,241,763	\$ (267,668)	\$ 9,974,095
25	3	5	A 10 b	Other Salaries and Wages—Productive Hours	301,311	(5,921)	295,390
26	3	5	A 11	Nonproductive Salaries and Wages	\$ 14,836,360	\$ 735	\$ 14,837,095
27	3	5	B 1	Subtotal Productive Salaries	\$ 55,055,866	\$ (735)	\$ 55,055,131
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							