

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

**ST. MARY MEDICAL CENTER
APPLE VALLEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1669456299**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Virat Shah
Auditor: Robert Neely**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 11, 2012

Shawn T. Curtis
Director of Finance
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307

ST. MARY MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1669456299
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.

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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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Avie Heilgeist
Medicare Reimbursement Specialist
23548 Mountain Breeze Drive
Murrieta, CA 92562

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME ST. MARY MEDICAL CENTER
NPI 1669456299
FISCAL PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010
CONTRACT PERIOD

	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)	\$	22,585,739	\$		\$ 22,585,739
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$	739,750	\$		\$ 739,750
C. Medi-Cal Inpatient Days (Adj's 3-5) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)		8,244			8,244
2. ICU		1,130			1,130
3. CCU					
4. Nursery		1,382			1,382
5. NICU		1,081			1,081
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj)		N/A		N/A	16,431
E. Total Medi-Cal Discharges** (Adj 6)		2,713			2,713
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 7)	\$	85,754,802	\$		\$ 85,754,802

* Data for NF or Administrative Days are not included.

** Data for newborns that were born in the hospital are not included.

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME
NPI
FISCAL PERIOD
CONTRACT PERIOD

ST. MARY MEDICAL CENTER
1669456299
JULY 1, 2009 THROUGH JUNE 30, 2010

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj)	8810 - 8813, and/or .71, .72, .73 and .74	\$	7,975,437
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	2,671,212
3. Interest Expense: (Adj)	8860, 8870	\$	2,613,242
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	1,145,694
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	1,652,028
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	1,767,712
B. GROSS OPERATING EXPENSES (Adj 8)	Sch 10, line 101, col. 3	\$	214,108,482
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj)	.20	\$	3,329,983
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	6,682,552
E. FOOD SERVICES NONLABOR EXPENSE (Adj 9)	8320, 8330 and 8340 and/or .42 and .43	\$	1,239,691
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	82,593,468
2. Employee Benefits	.10 - .19, .92, .96	\$	37,998,973
3. Other Professional Fees	.21 - .29	\$	10,535,808
4. Purchased Services	.61 - .69	\$	21,108,610
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	32,726,602
6. Other Direct Operating Expense	.85 - .90	\$	

Provider Name		Fiscal Period		NPI	Adjustments	
ST. MARY MEDICAL CENTER		JULY 1, 2009 THROUGH JUNE 30, 2010		1669456299	10	
Report References		Explanation of Audit Adjustments				
Adj. No.	Report Page	RD Schedule Page	Line	Reported	Increase (Decrease)	Adjusted
ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES						
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 23,172,877	\$ 22,585,739
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 669,749	\$ 739,750
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	8,211	8,244
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	1,065	1,130
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	1,378	1,382
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	2,690	2,713
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 85,040,577	\$ 85,754,802
8	2	4	B	Gross Operating Expenses	\$ 218,628,818	\$ 214,108,482
9	2	4	E	Food Services Nonlabor Expense	\$ 1,239,690	\$ 1,239,691
10	3	5	A 9 b	Clerical and Other Administrative—Productive Hours	202,117	377,368

To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records.
 CCR, Title 22, Section 51536