

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

**RIDEOUT MEMORIAL HOSPITAL
MARYSVILLE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1720088354**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Gary Diffenderffer
Auditor: Catherine Jones**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

November 4, 2013

Tom Frost
Reimbursement Manager
Fremont Rideout Health Group
614 J Street
Marysville, CA 95901

RIDEOUT MEMORIAL HOSPITAL
NATIONAL PROVIDER IDENTIFIER (NPI) 1720088354
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 limited review.

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 Fee-For-Service Rates Development 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:

John Melton, 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—
Sacramento at (916) 650-6994.

Original Signed By

Robert G. Kwick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	RIDEOUT MEMORIAL HOSPITAL
NPI	1720088354
FISCAL PERIOD	JULY 1, 2009 THROUGH JUNE 30, 2010
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj)	8810 - 8813, and/or .71, .72, .73 and .74	\$	11,705,561
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	7,470,174
3. Interest Expense: (Adj)	8860, 8870	\$	2,301,570
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	745,088
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	2,849,178
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	1,990,552
B. GROSS OPERATING EXPENSES (Adj 9)	Sch 10, line 101, col. 3	\$	229,471,908
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj)	.20	\$	13,527,924
D. PHARMACY NONLABOR EXPENSE (Adj 10)	8390.37 and 8390.38	\$	14,309,234
E. FOOD SERVICES NONLABOR EXPENSE (Adj 11)	8320, 8330 and 8340 and/or .42 and .43	\$	1,043,487
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	83,370,164
2. Employee Benefits	.10 - .19, .92, .96	\$	38,588,894
3. Other Professional Fees	.21 - .29	\$	9,340,429
4. Purchased Services	.61 - .69	\$	30,753,179
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	27,861,070

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	RIDEOUT MEMORIAL HOSPITAL
NPI	1720088354
FISCAL PERIOD	JULY 1, 2009 THROUGH JUNE 30, 2010
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj)			
a. Productive Salaries	.00	\$	8,772,123
b. Productive Hours			175,649.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	14,726,954
b. Productive Hours			484,660.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	34,825,414
b. Productive Hours			787,667.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	1,440,036
b. Productive Hours			56,364.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	1,624,287
b. Productive Hours			125,724.00
6. Physicians (Salaried) (Adj)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj)			
a. Productive Salaries	.08	\$	920,104
b. Productive Hours			14,556.00
8. Environmental and Food Services (Adj)			
a. Productive Salaries	.06	\$	2,731,250
b. Productive Hours			219,989.00
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	6,838,219
b. Productive Hours			423,156.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	2,659,220
b. Productive Hours			148,517.00
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	19,510,299
b. Nonproductive Hours	Report or Provider W/P		366,308.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>74,537,607</u>
2. Productive Hours (lines A1b - A10b)			<u>2,436,282.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>94,047,906</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>2,802,590.00</u>

Provider Name				Fiscal Period		NPI	Adjustments
RIDEOUT MEMORIAL HOSPITAL				JULY 1, 2009 THROUGH JUNE 30, 2010		1720088354	11
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
<u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 33,048,641	\$ 1,344,880	\$ 34,393,521
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 180,786	\$ 60,873	\$ 241,659
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	10,463.00	381.00	10,844.00
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	1,482.00	133.75	1,615.75
	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	2,470.00	17.25	2,487.25
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	420.00	23.25	443.25
	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
RIDEOUT MEMORIAL HOSPITAL				JULY 1, 2009 THROUGH JUNE 30, 2010		1720088354	11
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	12,367		12,367
7	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	3,376	187	3,563
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
8	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 99,148,272	\$ 7,363,902	\$ 106,512,174
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 11,705,561	\$	\$ 11,705,561
	2	4	A 2	Rent and Lease Expense	\$ 7,470,174	\$	\$ 7,470,174
	2	4	A 3	Interest Expense	\$ 2,301,570	\$	\$ 2,301,570
	2	4	A 4	Property Taxes and License Fees	\$ 745,088	\$	\$ 745,088
	2	4	A 5	Utility Expense	\$ 2,849,178	\$	\$ 2,849,178
	2	4	A 6	Malpractice Insurance Expense	\$ 1,990,552	\$	\$ 1,990,552
9	2	4	B	Gross Operating Expenses	\$ 249,747,095	\$ (20,275,187)	\$ 229,471,908
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$	\$	\$
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 13,527,924	\$	\$ 13,527,924
10	2	4	D	Pharmacy Nonlabor Expense	\$ 14,006,292	\$ 302,942	\$ 14,309,234

Provider Name				Fiscal Period		NPI	Adjustments
RIDEOUT MEMORIAL HOSPITAL				JULY 1, 2009 THROUGH JUNE 30, 2010		1720088354	11
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
11	2	4	E	Food Services Nonlabor Expense	\$ 1,041,361	\$ 2,126	\$ 1,043,487
	2	4	F 1	Direct Operating—Salaries and Wages	\$ 83,370,164	\$	\$ 83,370,164
	2	4	F 2	Direct Operating—Employee Benefits	\$ 38,588,894	\$	\$ 38,588,894
	2	4	F 3	Direct Operating—Other Professional Fees	\$ 9,340,429	\$	\$ 9,340,429
	2	4	F 4	Direct Operating—Purchased Services	\$ 30,753,179	\$	\$ 30,753,179
	2	4	F 5	Direct Operating—Supplies	\$ 27,861,070	\$	\$ 27,861,070
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 8,772,123	\$	\$ 8,772,123
	3	5	A 1 b	Management and Supervision—Productive Hours	175,649		175,649
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 14,726,954	\$	\$ 14,726,954
	3	5	A 2 b	Technicians and Specialists—Productive Hours	484,660		484,660
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 34,825,414	\$	\$ 34,825,414
	3	5	A 3 b	Registered Nurses—Productive Hours	787,667		787,667
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 1,440,036	\$	\$ 1,440,036
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	56,364		56,364
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 1,624,287	\$	\$ 1,624,287
	3	5	A 5 b	Aides and Orderlies—Productive Hours	125,724		125,724

Provider Name				Fiscal Period		NPI	Adjustments
RIDEOUT MEMORIAL HOSPITAL				JULY 1, 2009 THROUGH JUNE 30, 2010		1720088354	11
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	\$ 920,104	\$	\$ 920,104
3	5	A 7 b		Nonphysician Medical Practitioners—Productive Hours	14,556		14,556
3	5	A 8 a		Environmental and Food Services—Productive Salaries	\$ 2,731,250	\$	\$ 2,731,250
3	5	A 8 b		Environmental and Food Services—Productive Hours	219,989		219,989
3	5	A 9 a		Clerical and Other Administrative—Productive Salaries	\$ 6,838,219	\$	\$ 6,838,219
3	5	A 9 b		Clerical and Other Administrative—Productive Hours	423,156		423,156
3	5	A 10 a		Other Salaries and Wages—Productive Salaries	\$ 2,659,220	\$	\$ 2,659,220
3	5	A 10 b		Other Salaries and Wages—Productive Hours	148,517		148,517
3	5	A 11		Nonproductive Salaries and Wages	\$ 19,510,299	\$	\$ 19,510,299
3	5	A 11		Nonproductive Hours	366,308		366,308
3	5	B 1		Subtotal Productive Salaries	\$ 74,537,607	\$	\$ 74,537,607
3	5	B 2		Subtotal Productive Hours	2,436,282		2,436,282
3	5	C		Total Productive and Nonproductive Salaries	\$ 94,047,906	\$	\$ 94,047,906
3	5	D		Total Productive and Nonproductive Hours	2,802,590		2,802,590
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			