

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

**SUTTER MEDICAL CENTER OF SANTA ROSA
SANTA ROSA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1740413798**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Louise Wong
Audit Supervisor: Marisa Ho
Auditor: Kent Huang**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 11, 2012

Michael Bass
Reimbursement Manager
Sutter Health
2880 Gateway Oaks Drive, Suite 200
Sacramento, CA 95833

SUTTER MEDICAL CENTER OF SANTA ROSA
NATIONAL PROVIDER IDENTIFIER (NPI) 1740413798
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 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 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.

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

Michael Bass
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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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	SUTTER MEDICAL CENTER OF SANTA ROSA
NPI	1740413798
FISCAL PERIOD	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	3,938,171
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	543,549
3. Interest Expense:	8860, 8870	\$	479,662
4. Property Taxes and License Fees:	8850 and/or .83	\$	307,650
5. Utility Expense:	.77, .78, .79, and .80	\$	1,685,220
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,159,518
B. GROSS OPERATING EXPENSES	Sch 10, line 101, col. 3	\$	160,209,776
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	118,973
2. Professional Fees	.20	\$	13,694,828
D. PHARMACY NONLABOR EXPENSE	8390.37 and 8390.38	\$	4,022,924
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	\$	583,424
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	62,901,316
2. Employee Benefits	.10 - .19, .92, .96	\$	17,421,490
3. Other Professional Fees	.21 - .29	\$	743,019
4. Purchased Services	.61 - .69	\$	13,658,707
5. Supplies	.31 - .36, .39 - .41, .44 - .50, .93, .97	\$	20,092,711
6. Other Direct Operating Expense (Adj 9)	.85 - .90	\$	18,858,614

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	SUTTER MEDICAL CENTER OF SANTA ROSA
NPI	1740413798
FISCAL PERIOD	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	4,898,627
b. Productive Hours			83,703
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	11,807,287
b. Productive Hours			284,296
3. Registered Nurses			
a. Productive Salaries	.02	\$	27,009,267
b. Productive Hours			438,777
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	153,171
b. Productive Hours			4,793
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,689,190
b. Productive Hours			63,021
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	1,077
b. Productive Hours			16
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	106,564
b. Productive Hours			1,798
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	2,525,849
b. Productive Hours			103,107
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	4,066,203
b. Productive Hours			170,701
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,824,334
b. Productive Hours			68,954
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	10,404,112
b. Nonproductive Hours	Report or Provider W/P		168,196
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>54,081,567</u>
2. Productive Hours (lines A1b - A10b)			<u>1,219,166</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u><u>64,485,679</u></u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u><u>1,387,362</u></u>

Provider Name				Fiscal Period		NPI	Adjustments
SUTTER MEDICAL CENTER OF SANTA ROSA				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1740413798	9
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	\$ 14,027,108	\$ (20,112)	\$ 14,006,996
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 51,895	\$ 1,034	\$ 52,929
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	2,720	140	2,860
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	311	17	328
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—NICU—Noncontract	693	182	875
	1	3	C 3	Medi-Cal Inpatient Days—NICU—Contract			
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	1,210	70	1,280
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	693	182	875
	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	
SUTTER MEDICAL CENTER OF SANTA ROSA				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1740413798	9	
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	5,900	0	5,900
7	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	1,035	35	1,070
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
8	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 35,211,992	\$ 2,813,752	\$ 38,025,744
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 3,938,171	\$ 0	\$ 3,938,171
	2	4	A 2	Rent and Lease Expense	\$ 543,549	\$ 0	\$ 543,549
	2	4	A 3	Interest Expense	\$ 479,662	\$ 0	\$ 479,662
	2	4	A 4	Property Taxes and License Fees	\$ 307,650	\$ 0	\$ 307,650
	2	4	A 5	Utility Expense	\$ 1,685,220	\$ 0	\$ 1,685,220
	2	4	A 6	Malpractice Insurance Expense	\$ 1,159,518	\$ 0	\$ 1,159,518
	2	4	B	Gross Operating Expenses	\$ 160,209,776	\$ 0	\$ 160,209,776
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 118,973	\$ 0	\$ 118,973
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 13,694,828	\$ 0	\$ 13,694,828
	2	4	D	Pharmacy Nonlabor Expense	\$ 4,022,924	\$ 0	\$ 4,022,924

Provider Name				Fiscal Period		NPI	Adjustments
SUTTER MEDICAL CENTER OF SANTA ROSA				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1740413798	9
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	\$ 583,424	\$ 0	\$ 583,424
	2	4	F 1	Direct Operating—Salaries and Wages	\$ 62,901,316	\$ 0	\$ 62,901,316
	2	4	F 2	Direct Operating—Employee Benefits	\$ 17,421,490	\$ 0	\$ 17,421,490
	2	4	F 3	Direct Operating—Other Professional Fees	\$ 743,019	\$ 0	\$ 743,019
	2	4	F 4	Direct Operating—Purchased Services	\$ 13,658,707	\$ 0	\$ 13,658,707
	2	4	F 5	Direct Operating—Supplies	\$ 20,092,711	\$ 0	\$ 20,092,711
9	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$ 18,858,614	\$ 18,858,614
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 4,898,627	\$ 0	\$ 4,898,627
	3	5	A 1 b	Management and Supervision—Productive Hours	83,703	0	83,703
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 11,807,287	\$ 0	\$ 11,807,287
	3	5	A 2 b	Technicians and Specialists—Productive Hours	284,296	0	284,296
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 27,009,267	\$ 0	\$ 27,009,267
	3	5	A 3 b	Registered Nurses—Productive Hours	438,777	0	438,777
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 153,171	\$ 0	\$ 153,171
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	4,793	0	4,793
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 1,689,190	\$ 0	\$ 1,689,190
	3	5	A 5 b	Aides and Orderlies—Productive Hours	63,021	0	63,021

Provider Name				Fiscal Period		NPI	Adjustments
SUTTER MEDICAL CENTER OF SANTA ROSA				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1740413798	9
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	\$ 1,077	\$ 0	\$ 1,077	
3	5	A 6 b	Physicians (Salaried)—Productive Hours	16	0	16	
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 106,564	\$ 0	\$ 106,564	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	1,798	0	1,798	
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 2,525,849	\$ 0	\$ 2,525,849	
3	5	A 8 b	Environmental and Food Services—Productive Hours	103,107	0	103,107	
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 4,066,203	\$ 0	\$ 4,066,203	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	170,701	0	170,701	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 1,824,334	\$ 0	\$ 1,824,334	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	68,954	0	68,954	
3	5	A 11	Nonproductive Salaries and Wages	\$ 10,404,112	\$ 0	\$ 10,404,112	
3	5	A 11	Nonproductive Hours	168,196	0	168,196	
3	5	B 1	Subtotal Productive Salaries	\$ 54,081,567	\$ 0	\$ 54,081,567	
3	5	B 2	Subtotal Productive Hours	1,219,166	0	1,219,166	
3	5	C	Total Productive and Nonproductive Salaries	\$ 64,485,679	\$ 0	\$ 64,485,679	
3	5	D	Total Productive and Nonproductive Hours	1,387,362	0	1,387,362	
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							