

**REPORT  
ON THE AUDIT OF  
MEDI-CAL RATE DEVELOPMENT WORKSHEETS**

**IRVINE MEDICAL CENTER  
IRVINE, CALIFORNIA  
PROVIDER NUMBER: HSP 30693F**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2007**

**Audits Section – Santa Ana  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Margaret A. Varho  
Audit Supervisor: Felipe Avila  
Auditor: Julie Kephart**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

August 28, 2009

Craig Armin  
Vice President  
Reimbursement Services Department  
Tenet Healthcare Corporation  
13737 Noel Road, Suite 100 14th Floor  
Dallas, Texas 75240

PROVIDER: IRVINE MEDICAL CENTER  
PROVIDER NO. HSP 30693F  
FISCAL PERIOD ENDED DECEMBER 31, 2007

We have examined the Rate Development Worksheets for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institution code. The data for the worksheets was obtained from provider records by a limited review.

In our opinion, the audited data presented in the Rate Development Worksheets 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 Worksheets
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 Department's Rate Development Branch pursuant to California Code of Regulations (CCR), Title 22, Sections 51545 through 51556. These regulations may be viewed at website [www.oal.ca.gov](http://www.oal.ca.gov).

Craig Armin  
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If you disagree with the decision of the Department, you may appeal by writing to:

Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814-2878  
(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 Services  
MS 0010  
Office of Legal Services  
P. O. Box 997413  
Sacramento, CA 95899-7413

**Courier (UPS, FedEx, Etc.)**

Assistant Chief Counsel  
Department of Health Services  
Office of Legal Services  
MS 0010  
1501 Capitol Avenue, Suite 71.5001  
Sacramento, CA 95814-5005  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, Title 22, California Code of Regulations, Section 51016, et seq.

If you have further questions regarding this report you may call the Audits Section-Santa Ana at (714) 558-4434.

***(Original signed by Margaret Varho)***

Margaret A. Varho, Chief  
Audits Section-Santa Ana  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** IRVINE MEDICAL CENTER  
**PROVIDER NO.** HSP 30693F  
**FISCAL PERIOD:** JANUARY 1, 2007 THROUGH DECEMBER 31, 2007  
**CONTRACT PERIOD:** N/A

	Noncontract Cost Settlement		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 (Adj. 1)	\$ 227,539			\$	\$ 227,539
B. Deductibles and Coinsurance (Third Party Liability) (Adj.2)	\$ 1,493			\$	\$ 1,493
C. Medi-Cal Inpatient Days (Adj. 3,4,5)					
1. Routine (Adults & Pediatrics)		48			48
2. ICU		42			42
3. CCU					
4. Nursery		9			9
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj. )		N/A		N/A	9,935
E. Total Medi-Cal Discharges** (Adj. 6)		28			28
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 1,125,232			\$	\$ 1,125,232

(The previous Section D. Average Per Diem was eliminated. This information is not needed by RDB and has been removed from the Rate Development Branch Schedules that are sent by ARAS to the provider for completion.)

\* Do not include data for NF or Administrative Days.  
 \*\* Do not include newborns that were born in the hospital.

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** IRVINE MEDICAL CENTER  
**PROVIDER NO.** HSP 30693F  
**FISCAL PERIOD:** JANUARY 1, 2007 THROUGH DECEMBER 31, 2007  
**CONTRACT PERIOD:** N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	162,023
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	12,500,696
3. Interest Expense:	8860, 8870	\$	0
4. Property Taxes and License Fees:	8850 and/or .83	\$	966,565
5. Utility Expense:	.77, .78, .79, and .80	\$	1,090,156
6. Malpractice Insurance Expense:	8830 and/or .81	\$	2,709,841
 B. GROSS OPERATING EXPENSES	 Worksheet A, line 101, col. 3	 \$	 107,151,442
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	918,981
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	2,753,963
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	544,631
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	40,090,757
2. Employee Benefits	.10 - .19, .92, .96	\$	9,877,728
3. Other Professional Fees	.21 - .29	\$	755,826
4. Purchased Services	.61 - .69	\$	12,677,874
5. Supplies	.31 - .36, .93, .97	\$	11,534,414
6. Other Direct Operating Expense	.85 - .90	\$	0

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** IRVINE MEDICAL CENTER  
**PROVIDER NO.** HSP 30693F  
**FISCAL PERIOD:** JANUARY 1, 2007 THROUGH DECEMBER 31, 2007  
**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	3,834,078
b. Productive Hours			83,803.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	5,954,369
b. Productive Hours			205,739.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	13,557,604
b. Productive Hours			312,855.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	107,471
b. Productive Hours			5,057.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	794,106
b. Productive Hours			56,428.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	70,611
b. Productive Hours			4,171.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	208,438
b. Productive Hours			7,866.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	3,865,100
b. Productive Hours			192,615.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	0
b. Productive Hours			34
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	6,630,843
b. Productive Hours	Report or Provider W/P		132,899.00
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>28,391,777</u>
2. Productive Hours (lines 1b - 10b)			<u>868,568.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>35,022,620</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>1,001,467.00</u></b>

**AUDIT ADJUSTMENTS**

Provider: IRVINE MEDICAL CENTER		Provider No. HSP 30693F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		No. of Adjs: 7	
Report Reference			Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page				
1	A&I-2	1	A	\$ 134,540	\$ 92,999	\$ 227,539
2	A&I-2	1	B	\$ 0	\$ 1,493	\$ 1,493
3	A&I-2	1	C-1	51	(3)	48
4	A&I-2	1	C-2	4	38	42
5	A&I-2	1	C-4	8	1	9
6	A&I-2	1	E	17	11	28
7	A&I-2	1	F	\$ 672,146	\$ 453,086	\$ 1,125,232

**ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS**

Medi-Cal Net Cost of Covered Services - Noncontract

Deductibles and Coinsurance - Noncontract

Medi-Cal Inpatient Days - Adults and Peds - Noncontract

Medi-Cal Inpatient Days - ICU - Noncontract

Medi-Cal Inpatient Days - Nursery - Noncontract

Total Medi-Cal Discharges - Acute - Noncontract

Total Medi-Cal Inpatient Charges - Noncontract

To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records.

Title 22, CCR, Section 51536