

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

**KAISER FOUNDATION HOSPITALS - BELLFLOWER
BELLFLOWER, CALIFORNIA
PROVIDER NUMBER: ZZT 30139F**

**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: Vanessa Hu**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

August 28, 2009

Jane C. Moore
Associate Director
Kaiser Foundation Hospitals
National Medicare Finance
393 East Walnut Street, 4th Floor
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PROVIDER: KAISER FOUNDATION HOSPITALS - BELLFLOWER
PROVIDER NO. ZZT 30139F
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We have examined the Rate Development Branch 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 Branch 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 Branch 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 Department's Rate Development Branch pursuant to California Code of Regulations (CCR), Title 22, Sections 51545 through 51556. These regulations may be viewed at www.oal.ca.gov.

Jane C. Moore
Page 2

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) 355-5603

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 95899-7413

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 95814-5005
(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—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: KAISER FOUNDATION HOSPITALS - BELLFLOWER
PROVIDER NO. ZZT 30139F
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)	\$ 2,392,261	\$	\$ 2,392,261
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ (22,161)	\$	\$ (22,161)
C. Medi-Cal Inpatient Days (Adj. 3,4)			
1. Routine (Adults & Pediatrics)	626		626
2. ICU			
3. CCU			
4. Nursery	496		496
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Average Per Diem (Adj.5,6,7,8)			
1. Routine (Adults & Pediatrics)		\$	1,075.51
2. ICU		\$	1,145.62
3. CCU		\$	
4. Nursery		\$	599.00
5. NICU		\$	1,494.29
6. Other (Specify)			
a.		\$	
b.		\$	
E. Total Hospital Discharges ** (Adj.)	N/A	N/A	17,779
F. Total Medi-Cal Discharges** (Adj.9)	246		246
G. Total Medi-Cal Inpatient Charges (Adj.10)	\$ 6,253,120	\$	\$ 6,253,120

* Do not include data for NF or Administrative Days.

** Do not include newborns that were born in the hospital.

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - BELLFLOWER
PROVIDER NO. ZZT 30139F
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	\$	7,216,665
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,637,170
3. Interest Expense:	8860, 8870	\$	1,608,518
4. Property Taxes and License Fees:	8850 and/or .83	\$	197,953
5. Utility Expense:	.77, .78, .79, and .80	\$	3,645,993
6. Malpractice Insurance Expense:	8830 and/or .81	\$	2,361,973
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 396,661,846
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	458,206
2. Professional Fees	.20	\$	
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 4,591,573
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 990,635
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	114,714,608
2. Employee Benefits	Sch 10, line 5, col. 3	\$	54,492,662
3. Other Professional Fees	.21 - .29	\$	
4. Purchased Services	.61 - .69	\$	148,819,737
5. Supplies	.31 - .36, .93, .97	\$	50,847,270
6. Other Direct Operating Expense	.85 - .90	\$	

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - BELLFLOWER
PROVIDER NO. ZZT 30139F
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	\$	8,316,669
b. Productive Hours			173,783.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	13,318,587
b. Productive Hours			361,144.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	45,351,174
b. Productive Hours			988,557.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,870,939
b. Productive Hours			70,741.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,794,836
b. Productive Hours			160,666.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	9,272
b. Productive Hours			118.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	6,308,728
b. Productive Hours			373,474.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	12,423,179
b. Productive Hours			617,260.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	2,544,701
b. Productive Hours			133,444.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	22,234,731
b. Productive Hours	Report or Provider W/P		548,405.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>92,938,085</u>
2. Productive Hours (lines 1b - 10b)			<u>2,879,187.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>115,172,816</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>3,427,592.00</u>

AUDIT ADJUSTMENTS

Provider: KAISER FOUNDATION HOSPITALS - BELLFLOWER		Provider No. ZZT 30139F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		No. of Adjs: 14	
Report Reference		Explanation of Audit Adjustments			Increase (Decrease)	Audited
Adj. No.	Form	Page	Line	Reported		
<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>						
1	A&I-2	1	A	\$ 637,134	\$ 1,755,127	\$ 2,392,261
2	A&I-2	1	B	\$ (3,491)	\$ (18,670)	\$ (22,161)
3	A&I-2	1	C-1	244	382	626
4	A&I-2	1	C-4	45	451	496
5	A&I-2	1	D-1	-	1,075.51	\$ 1,075.51
6	A&I-2	1	D-2	-	1,145.62	\$ 1,145.62
7	A&I-2	1	D-4	-	599.00	\$ 599.00
8	A&I-2	1	D-5	-	1,494.29	\$ 1,494.29
9	A&I-2	1	F	84	162	246
10	A&I-2	1	G	\$ 1,413,385	\$ 4,839,735	\$ 6,253,120
11	A&I-2	3	A-2	\$ 13,330,061	\$ (11,474)	\$ 13,318,587
12	A&I-2	3	A-10	\$ 3,002,907	\$ (458,206)	\$ 2,544,701
13	A&I-2	3	A-11	\$ 21,765,051	\$ 469,680	\$ 22,234,731

AUDIT ADJUSTMENTS

Provider:		Provider No.	Fiscal Period:		No. of Adjs:
KAISER FOUNDATION HOSPITALS - BELLFLOWER		ZZT 30139F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		14
Report Reference		Explanation of Audit Adjustments		Increase (Decrease)	Audited
Adj. No.	Form	Page	Line	Reported	
14	A&I-2	3	B-1	\$ 93,407,765	\$ 92,938,085
<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u> Productive Salaries (Line 1a through 10a)				\$ (469,680)	

To adjust the Rate Development Worksheets to agree with audit adjustments and provider records.

Title 22, CCR, Section 51536