

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

**KAISER FOUNDATION HOSPITALS – HARBOR CITY
HARBOR CITY, CALIFORNIA
PROVIDER NUMBER: ZZT 30411F
NATIONAL PROVIDER IDENTIFIER: 133629040
FISCAL PERIOD ENDED
DECEMBER 31, 2007**

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

**Section Chief: Cheryl Phillips
Audit Supervisor: Maria Delgado
Auditor: Tony Martinez**



DAVID MAXELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

January 6, 2010

Jane C. Moore
Medical Reimbursement Manager
Kaiser Foundation Hospitals
National Medicare Finance, 4th Floor
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Pasadena, CA 91188

PROVIDER: KAISER FOUNDATION HOSPITALS – HARBOR CITY
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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 field audit.

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
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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
(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) 440-7745

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—Gardena at (310) 516-4757.

Signed By:

Cheryl Phillips, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - HARBOR CITY
PROVIDER NO.: ZZT 30411F
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)	\$ 344,986		\$ 0		\$ 344,986
B. Deductibles and Coinsurance (Third Party Liability) (Adj.)	\$ 2,060		\$ 0		\$ 2,060
C. Medi-Cal Inpatient Days (Adjs. 2 - 3)					
1. Routine (Adults & Pediatrics)	95		0		95
2. ICU	0		0		0
3. CCU	4		0		4
4. Nursery	11		0		11
5. NICU	0		0		0
6. Other (Specify)					
a.	0		0		0
b.	0		0		0
D. Total Hospital Discharges (Adj. N/A)	N/A		N/A		12,095
E. Total Medi-Cal Discharges (Adj. 4)	33		0		33
F. Total Medi-Cal Inpatient Charges (Adj. 5)	\$ 469,886		\$ 0		\$ 469,886

RATE DEVELOPMENT WORKSHEETS

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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	\$	15,881,932
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,106,197
3. Interest Expense:	8860, 8870	\$	1,105,237
4. Property Taxes and License Fees:	8850 and/or .83	\$	248,275
5. Utility Expense:	.77, .78, .79, and .80	\$	2,443,926
6. Malpractice Insurance Expense: (Adj. 6)	8830 and/or .81	\$	949,442
 B. GROSS OPERATING EXPENSES (Adj. 7)	 W/S A, line 101, col. 3	 \$	 247,965,805
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	324,521
2. Professional Fees	.20	\$	
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 4,356,673
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 861,776
 F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	70,424,610
2. Employee Benefits	Sch 10, line 5, col. 3	\$	33,161,347
3. Other Professional Fees	.21 - .29	\$	30,084
4. Purchased Services (Adj. 8)	.61 - .69	\$	83,331,641
5. Supplies	.31 - .36, .93, .97	\$	29,826,734

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - HARBOR CITY
PROVIDER NO.: ZZT 30411F
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	\$	5,848,031
b. Productive Hours			131,016.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	6,626,722
b. Productive Hours			156,355.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	26,877,604
b. Productive Hours			597,274.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	614,347
b. Productive Hours			22,327.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,105,530
b. Productive Hours			116,105.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	87,352
b. Productive Hours			1,418.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	4,766,912
b. Productive Hours			276,425.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	7,535,991
b. Productive Hours			365,926.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	2,329,154
b. Productive Hours			116,800.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	13,957,488
b. Nonproductive Hours	Report or Provider W/P		338,421.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>56,791,643</u>
2. Productive Hours (lines 1b - 10b)			<u>1,783,646.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>70,749,131</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,122,067.00</u>

AUDIT ADJUSTMENTS

Provider: KAISER FOUNDATION HOSPITALS - HARBOR CITY		Provider No. ZZT 30411F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		No. of Adjs: 8	
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	\$ 348,833	\$ (3,847)	\$ 344,986
2	A&I-2	1	C-1	94	1	95
3	A&I-2	1	C-3	5	(1)	4
4	A&I-2	1	E	37	(4)	33
5	A&I-2	1	F	\$ 469,995	\$ (109)	\$ 469,886
6	A&I-2	2	A-6	\$ 1,598,080	\$ (648,638)	\$ 949,442
7	A&I-2	2	B	\$ 270,310,099	\$ (22,344,294)	\$ 247,965,805
8	A&I-2	2	F-4	\$ 102,972,618	\$ (19,640,977)	\$ 83,331,641

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