

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES
KAISER FOUNDATION HOSPITALS –
PANORAMA CITY
PANORAMA CITY, CALIFORNIA
PROVIDER NUMBERS: ZTZ 30137F / NPI 1376698043
FISCAL PERIOD ENDED
DECEMBER 31, 2007**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Allen Dervi
Auditor: Tina Ho**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

October 23, 2009

Jane C. Moore
Associate Director, National Medicare Finance
Kaiser Foundation Health Plan - Walnut Center
393 East Walnut Street, Fourth Floor
Pasadena, CA 91188

PROVIDER: KAISER FOUNDATION HOSPITALS – PANORAMA CITY
PROVIDER NOS. ZZT 30137F / NPI 1376698043
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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.

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 95814-2825
(916) 322-5603

Jane C. Moore
Page 2

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - PANORAMA CITY
PROVIDER NO. ZZT 30137F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: NOT APPLICABLE

	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)*	\$ 696,174				\$ 696,174
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 4,498				\$ 4,498
C. Medi-Cal Inpatient Days (Adjs. 3-5)					
1. Routine (Adults & Pediatrics)	176				176
2. ICU					
3. CCU	55				55
4. Nursery	48				48
5. NICU	0				0
6. Other (Specify)					
a.					
b.					
D. Average Per Diem (Adjs. 6-9)					
1. Routine (Adults & Pediatrics)				\$	1,182.12
2. ICU				\$	
3. CCU				\$	2,419.78
4. Nursery				\$	901.39
5. NICU				\$	2,735.60
6. Other (Specify)					
a.				\$	
b.				\$	
E. Total Hospital Discharges (Adj.)		N/A		N/A	13,122
F. Total Medi-Cal Discharges (Adj. 10)		109			109
G. Total Medi-Cal Inpatient Charges (Adj. 11)	\$ 1,470,350				\$ 1,470,350

*Does not include a below-the-line adjustment for reduction for late billings of \$38,850.

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - PANORAMA CITY
PROVIDER NO. ZZT 30137F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: NOT APPLICABLE

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	8,829,537
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	3,487,936
3. Interest Expense:	8860, 8870	\$	1,130,992
4. Property Taxes and License Fees:	8850 and/or .83	\$	263,063
5. Utility Expense:	.77, .78, .79, and .80	\$	2,538,914
6. Malpractice Insurance Expense:	8830 and/or .81	\$	844,846
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 274,534,965
 C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	49,697
2. Professional Fees	.20	\$	0
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 2,750,050
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 862,807
 F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	77,304,875
2. Employee Benefits	Sch 10, line 5, col. 3	\$	36,811,829
3. Other Professional Fees	.21 - .29	\$	37,571
4. Purchased Services	.61 - .69	\$	97,793,416
5. Supplies	.31 - .36, .93, .97	\$	39,324,806
6. Other Direct Operating Expense	.85 - .90	\$	0

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - PANORAMA CITY
PROVIDER NO.: ZZT 30137F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: NOT APPLICABLE

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	6,695,468
b. Productive Hours			145,337.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,469,648
b. Productive Hours			244,235.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	26,533,190
b. Productive Hours			579,675.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	686,359
b. Productive Hours			26,231.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,961,593
b. Productive Hours			106,103.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	100,284
b. Productive Hours			1,827.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	4,931,399
b. Productive Hours			278,927.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	8,173,302
b. Productive Hours			401,150.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,605,322
b. Productive Hours			92,885.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	16,198,007
b. Nonproductive Hours	Report or Provider W/P		398,085.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>61,156,565</u>
2. Productive Hours (lines 1b - 10b)			<u>1,876,370.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>77,354,572</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,274,455.00</u>

AUDIT ADJUSTMENTS

Provider:		Provider No.	Fiscal Period:		No. of Adjs:	
KAISER FOUNDATION HOSPITALS - PANORAMA CITY		ZZT 30137F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		13	
Report Reference			Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page Line				
			<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>			
1	DHS 3094	3 A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 327,635	\$ 368,539	\$ 696,174
2	DHS 3094	3 B	Deductibles and Coinsurance - Noncontract	\$ 1,827	\$ 2,671	\$ 4,498
3	DHS 3094	3 C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	86	90	176
4	DHS 3094	3 C-3	Medi-Cal Inpatient Days - CCU - Noncontract	28	27	55
5	DHS 3094	3 C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	9	39	48
6	N/A	N/A	Average Per Diem - Routine (Adults and Pediatrics)	\$ 0.00	\$ 1,182.12	\$ 1,182.12
7	N/A	N/A	Average Per Diem - CCU	\$ 0.00	\$ 2,419.78	\$ 2,419.78
8	N/A	N/A	Average Per Diem - Nursery	\$ 0.00	\$ 901.39	\$ 901.39
9	N/A	N/A	Average Per Diem - NICU	\$ 0.00	\$ 2,735.60	\$ 2,735.60
10	DHS 3094	3 E	Total Medi-Cal Discharges - Acute - Noncontract	45	64	109
11	DHS 3094	3 F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 649,323	\$ 821,027	\$ 1,470,350
12	DHS 3094	4 A-6	Malpractice Insurance Expense	\$ 1,422,025	\$ (577,179)	\$ 844,846

AUDIT ADJUSTMENTS

Provider: KAISER FOUNDATION HOSPITALS - PANORAMA CITY		Provider No. ZTZ 30137F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		No. of Adjs: 13		
Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
13	DHS 3094	4	B	Gross Operating Expenses	\$ 275,675,224	\$ (1,140,259)	\$ 274,534,965

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