

**REPORT  
ON THE AUDIT OF  
RATE DEVELOPMENT BRANCH SCHEDULES  
KAISER FOUNDATION HOSPITALS –  
WOODLAND HILLS  
WOODLAND HILLS, CALIFORNIA  
PROVIDER NUMBERS: HSP 30677F / NPI 1295880912  
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: Henry Kwan  
Auditor: Kyo Lee**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

August 11, 2009

Jane C. Moore  
Medicare Reimbursement Manager  
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Pasadena, California 91101

PROVIDER: KAISER FOUNDATION HOSPITALS – WOODLAND HILLS  
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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](http://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  
(916) 322-5603

Jane C. Moore  
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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 95899-7413

**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 - WOODLAND HILLS**  
**PROVIDER NOS. HSP 30677F / NPI 1295880912**  
**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)	\$ 188,913		\$ 0		\$ 188,913
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 2,692		\$ 0		\$ 2,692
C. Medi-Cal Inpatient Days (Adjs. 3-5)					
1. Routine (Adults & Pediatrics)	98		0		98
2. ICU	2		0		2
3. CCU	0		0		0
4. Nursery	18		0		18
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		13,017
E. Total Medi-Cal Discharges (Adj. 6)	21		0		21
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 492,580		\$ 0		\$ 492,580

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** KAISER FOUNDATION HOSPITALS - WOODLAND HILLS  
**PROVIDER NOS.** HSP 30677F / NPI 1295880912  
**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	\$	12,408,900
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,012,027
3. Interest Expense:	8860, 8870	\$	1,099,617
4. Property Taxes and License Fees:	8850 and/or .83	\$	219,769
5. Utility Expense:	.77, .78, .79, and .80	\$	3,231,667
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,887,751
 B. GROSS OPERATING EXPENSES *	 W/S A, line 101, col. 3	 \$	 272,893,405
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	0
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 3,875,497
 E. FOOD SERVICES NONLABOR EXP	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,496,594
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	71,562,754
2. Employee Benefits	Sch 10, line 5, col. 3	\$	35,043,570
3. Other Professional Fees	.21 - .29	\$	1,650
4. Purchased Services	.61 - .69	\$	96,712,513
5. Supplies	.31 - .36, .93, .97	\$	39,164,438

\* - In addition to W/S A, line 101, col 3, it includes regional office costs.

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** KAISER FOUNDATION HOSPITALS - WOODLAND HILLS  
**PROVIDER NO.** HSP 30677F / NPI 1295880912  
**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	\$	5,754,343
b. Productive Hours			119,496
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	6,859,757
b. Productive Hours			158,857
3. Registered Nurses			
a. Productive Salaries	.02	\$	28,534,679
b. Productive Hours			637,101
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	189,017
b. Productive Hours			7,763
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,820,909
b. Productive Hours			109,522
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	685,884
b. Productive Hours			33,819
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	4,524,847
b. Productive Hours			272,939
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	7,331,032
b. Productive Hours			360,693
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,909,731
b. Productive Hours			118,131
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	13,952,556
b. Nonproductive Hours	Report or Provider W/P		335,697
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	57,610,199
2. Productive Hours (lines 1b - 10b)			1,818,321
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		\$	<u>71,562,755</u>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<u>2,154,018</u>

**AUDIT ADJUSTMENTS**

Provider:		Provider No.	Fiscal Period:		No. of Adj:	
KAISER FOUNDATION HOSPITALS - WOODLAND HILLS		HSP 30677F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		7	
Report Reference			Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page Line				
1	DHS 3094	3 A	<b><u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u></b> Medi-Cal Net Cost of Covered Services - Noncontract	\$ 17,091	\$ 171,822	\$ 188,913
2	DHS 3094	3 B	Deductibles and Coinsurance - Noncontract	\$ (1,379)	\$ 4,071	\$ 2,692
3	DHS 3094	3 C-1	Medi-Cal Inpatient Days - Adults and Pediatrics - Noncontract	8	90	98
4	DHS 3094	3 C-2	Medi-Cal Inpatient Days - ICU - Noncontract	1	1	2
5	DHS 3094	3 C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	0	18	18
6	DHS 3094	3 E	Total Medi-Cal Discharges - Noncontract	3	18	21
7	DHS 3094	3 F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 29,918	\$ 462,662	\$ 492,580
			To adjust the Rate Development Worksheets to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			