

**APPEAL RECOMPUTATION
OF MEDI-CAL RATE
DEVELOPMENT WORKSHEETS**

**KAISER FOUNDATION HOSPITAL – SANTA TERESA
SAN JOSE, CALIFORNIA
PROVIDER NUMBER: ZZR00604G AND
NPI NUMBER: 1063582989**

**FISCAL PERIOD ENDED
DECEMBER 31, 2007**

**Audits Section - Richmond
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Louise Wong
Audit Supervisor: Matthew Moy
Auditor: Edmund Yee**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 8, 2012

Jane C. Moore
Associate Director, National Medicare Finance
Kaiser Foundation Health Plan, Inc. & Hospital
Walnut Center
393 East Walnut Street
Pasadena, CA 91188

In the Matter of:

PROVIDER: KAISER FOUNDATION HOSPITAL – SANTA TERESA
PROVIDER NO. ZZR00604G
NPI NO. 1063582989
FISCAL PERIOD ENDED DECEMBER 31, 2007
CASE NO. RD11-1207-472B-LA

Pursuant to the Office of Administrative Hearings and Appeals' Report of Findings dated August 9, 2011 from the informal hearing, the following revisions are made to the Medi-Cal audit report dated September 30, 2010.

This report includes the:

1. Revised Rate Development Worksheets
2. Revised Adjustments Schedule

Enclosed is the revised Rate Development and supporting schedules detailing the results of the recomputation.

If you have any questions in regard to this revision, please call the Audits Section-Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

cc: See Next Page

Jane C. Moore
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cc: Evie Correa, Chief
Audit Review and Analysis Section
Department of Health Care Services
1500 Capitol Avenue, Suite 72.620
MS 2109
P.O. Box 997413
Sacramento, CA 95899-7413

Chris Opara, Chief
Non-Contracting Hospital Recoupment Unit
Department of Health Care Services
1501 Capitol Avenue, Suite 2110
MS 4518
P.O. Box 997436
Sacramento, CA 95899-7436

John Melton, Chief
Administrative Appeals
Department of Health Care Services
1029 J Street, Suite 200
MS 0017
Sacramento, CA 95814

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITAL - SANTA TERESA
PROVIDER NO. ZZR00604G
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 (Rev. 1)	\$ 990,186	\$	0	\$	\$ 990,186
B. Deductibles and Coinsurance (Third Party Liability)	\$ 1,660	\$	0	\$	\$ 1,660
C. Medi-Cal Inpatient Days					
1. Routine (Adults & Pediatrics)	276		0		276
2. ICU	100		0		100
3. CCU					
4. Nursery	25		0		25
5. NICU	5		0		5
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges	N/A		N/A		14,367
E. Total Medi-Cal Discharges	85		0		85
F. Total Medi-Cal Inpatient Charges/Units	\$ 1,593,237	\$	0	\$	\$ 1,593,237

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITAL - SANTA TERESA
PROVIDER NO. ZZR00604G
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	\$	11,929,323
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	3,993,900
3. Interest Expense:	8860, 8870	\$	874,062
4. Property Taxes and License Fees:	8850 and/or .83	\$	215,138
5. Utility Expense:	.77, .78, .79, and .80	\$	3,711,087
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,079,415
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 318,259,715
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	 \$	 4,112,064
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 644,171
 F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	96,654,687
2. Employee Benefits	.10 - .19, .92, .96	\$	39,245,011
3. Other Professional Fees	.21 - .29	\$	3,588
4. Purchased Services	.61 - .69	\$	74,726,128
5. Supplies	.31 - .36, .93, .97	\$	12,805,200

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITAL - SANTA TERESA
PROVIDER NO.: ZZR00604G
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	\$	9,077,537
b. Productive Hours			146,279
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	8,270,199
b. Productive Hours			183,362
3. Registered Nurses			
a. Productive Salaries	.02	\$	41,443,668
b. Productive Hours			706,293
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	928,958
b. Productive Hours			28,734
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	3,035,823
b. Productive Hours			133,680
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	69,245
b. Productive Hours			4,173
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	0
b. Productive Hours			0
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	7,428,419
b. Productive Hours			307,795
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	13,172,247
b. Productive Hours			426,060
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	13,228,591
b. Nonproductive Hours	Report or Provider W/P		281,822
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>83,426,096</u>
2. Productive Hours (lines 1b - 10b)			<u>1,936,376</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>96,654,687</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,218,198</u>

AUDIT REVISIONS

Provider: KAISER FOUNDATION HOSPITAL - SANTA TERESA				Provider No. ZZR00604G	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Rev: 1	
Report Reference				Explanation of Revisions	Audited	Increase (Decrease)	Revised
Rev. No.	Form	Page	Line				
<u>REVISIONS TO RATE DEVELOPMENT WORKSHEETS</u>							
1	A&I-2	3	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 1,005,380	\$ (15,194)	\$ 990,186
	A&I-2	3	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$ 0	\$
	A&I-2	3	B	Deductibles and Coinsurance - Noncontract	\$ 1,660	\$ 0	\$ 1,660
	A&I-2	3	B	Deductibles and Coinsurance - Contract	\$	\$ 0	\$
	A&I-2	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	276	0	276
	A&I-2	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract		0	
	A&I-2	3	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	100	0	100
	A&I-2	3	C-2	Medi-Cal Inpatient Days - ICU - Contract		0	
	A&I-2	3	C-3	Medi-Cal Inpatient Days - CCU - Noncontract		0	0
	A&I-2	3	C-3	Medi-Cal Inpatient Days - CCU - Contract		0	
	A&I-2	3	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	25	0	25
	A&I-2	3	C-4	Medi-Cal Inpatient Days - Nursery - Contract		0	
	A&I-2	3	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	5	0	5
	A&I-2	3	C-5	Medi-Cal Inpatient Days - NICU - Contract		0	
	A&I-2	3	C-6a	Medi-Cal Inpatient Days - _____ Noncontract		0	0
	A&I-2	3	C-6a	Medi-Cal Inpatient Days - _____ Contract		0	

AUDIT REVISIONS

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Report Reference				Explanation of Revisions	Audited	Increase (Decrease)	Revised
Rev. No.	Form	Page	Line				
	A&I-2	3	C-6b	Medi-Cal Inpatient Days - _____ Noncontract		0	0
	A&I-2	3	C-6b	Medi-Cal Inpatient Days - _____ Contract		0	
	A&I-2	3	D	Total Hospital Discharges	14,367	0	14,367
	A&I-2	3	E	Total Medi-Cal Discharges - Acute - Noncontract	85	0	85
	A&I-2	3	E	Total Medi-Cal Discharges - Acute - Contract		0	
	A&I-2	3	F	Total Medi-Cal Inpatient Charges/Units - Noncontract	\$ 1,593,237	\$ 0	\$ 1,593,237
	A&I-2	3	F	Total Medi-Cal Inpatient Charges - Contract	\$	\$ 0	\$
	A&I-2	4	A-1	Depreciation Expense	\$ 11,929,323	\$ 0	\$ 11,929,323
	A&I-2	4	A-2	Rent and Lease Expense	\$ 3,993,900	\$ 0	\$ 3,993,900
	A&I-2	4	A-3	Interest Expense	\$ 874,062	\$ 0	\$ 874,062
	A&I-2	4	A-4	Property Taxes and License Fees	\$ 215,138	\$ 0	\$ 215,138
	A&I-2	4	A-5	Utility Expenses	\$ 3,711,087	\$ 0	\$ 3,711,087
	A&I-2	4	A-6	Malpractice Insurance Expense	\$ 1,079,415	\$ 0	\$ 1,079,415
	A&I-2	4	B	Gross Operating Expenses	\$ 318,259,715	\$ 0	\$ 318,259,715
	A&I-2	4	C-1	Student and Physician Salaries	\$ 0	\$ 0	\$ 0

AUDIT REVISIONS

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Report Reference				Explanation of Revisions	Audited	Increase (Decrease)	Revised
Rev. No.	Form	Page	Line				
	A&I-2	4	C-2	Professional Fees	\$ 0	\$ 0	\$ 0
	A&I-2	4	D	Pharmacy Nonlabor Expense	\$ 4,112,064	\$ 0	\$ 4,112,064
	A&I-2	4	E	Food Services Nonlabor Expense	\$ 644,171	\$ 0	\$ 644,171
	A&I-2	4	F-1	Direct Operating - Salaries and Wages	\$ 96,654,687	\$ 0	\$ 96,654,687
	A&I-2	4	F-2	Direct Operating - Employee Benefits	\$ 39,245,011	\$ 0	\$ 39,245,011
	A&I-2	4	F-3	Direct Operating - Other Professional Fees	\$ 3,588	\$ 0	\$ 3,588
	A&I-2	4	F-4	Direct Operating - Purchased Services	\$ 74,726,128	\$ 0	\$ 74,726,128
	A&I-2	4	F-5	Direct Operating - Supplies	\$ 12,805,200	\$ 0	\$ 12,805,200
	A&I-2	5	A-1-a	Productive Salaries - Management and Supervision	\$ 9,077,537	\$ 0	\$ 9,077,537
	A&I-2	5	A-1-b	Productive Hours	146,279	0	146,279
	A&I-2	5	A-2-a	Productive Salaries - Technicians and Specialists	\$ 8,270,199	\$ 0	\$ 8,270,199
	A&I-2	5	A-2-b	Productive Hours	183,362	0	183,362
	A&I-2	5	A-3-a	Productive Salaries - Registered Nurses	\$ 41,443,668	\$ 0	\$ 41,443,668
	A&I-2	5	A-3-b	Productive Hours	706,293	0	706,293

AUDIT REVISIONS

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Report Reference				Explanation of Revisions	Audited	Increase (Decrease)	Revised
Rev. No.	Form	Page	Line				
	A&I-2	5	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 928,958	\$ 0	\$ 928,958
	A&I-2	5	A-4-b	Productive Hours	28,734	0	28,734
	A&I-2	5	A-5-a	Productive Salaries - Aides and Orderlies	\$ 3,035,823	\$ 0	\$ 3,035,823
	A&I-2	5	A-5-b	Productive Hours	133,680	0	133,680
	A&I-2	5	A-6-a	Productive Salaries - Physicians (Salaried)	\$ 0	\$ 0	\$ 0
	A&I-2	5	A-6-b	Productive Hours	0	0	0
	A&I-2	5	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 69,245	\$ 0	\$ 69,245
	A&I-2	5	A-7-b	Productive Hours	4,173	0	4,173
	A&I-2	5	A-8-a	Productive Salaries - Environmental and Food Services	\$ 0	\$ 0	\$ 0
	A&I-2	5	A-8-b	Productive Hours	0	0	0
	A&I-2	5	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 7,428,419	\$ 0	\$ 7,428,419
	A&I-2	5	A-9-b	Productive Hours	307,795	0	307,795
	A&I-2	5	A-10-a	Productive Salaries - Other	\$ 13,172,247	\$ 0	\$ 13,172,247
	A&I-2	5	A-10-b	Productive Hours	426,060	0	426,060
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 13,228,591	\$ 0	\$ 13,228,591
	N/A	N/A	A-11-b	Nonproductive Hours	281,822	0	281,822

AUDIT REVISIONS

Provider: KAISER FOUNDATION HOSPITAL - SANTA TERESA				Provider No. ZZR00604G	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Rev: 1	
Report Reference				Explanation of Revisions	Audited	Increase (Decrease)	Revised
Rev. No.	Form	Page	Line				
	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 83,426,096	\$ 0	\$ 83,426,096
	N/A	N/A	B 2	Subtotal Productive Hours	1,936,376	0	1,936,376
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 96,654,687	\$ 0	\$ 96,654,687
	N/A	N/A	D	Total Productive and Nonproductive Hours	2,218,198	0	2,218,198

To adjust the Rate Development Worksheets to agree with the Report of Findings from the Informal Appeal dated August 9, 2011
Case No. RD11-1207-472B-LA, Issue No. 3

