REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS

KAISER FOUNDATION HOSPITAL – SANTA CLARA
SANTA CLARA, CALIFORNIA
PROVIDER NUMBER ZZR00071F AND
NPI NUMBER 132119967

FISCAL PERIOD ENDED
DECEMBER 31, 2007

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

Section Chief: Louise Wong
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Auditor: Edmund Yee

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

September 30, 2010

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

PROVIDER: KAISER FOUNDATION HOSPITAL – SANTA CLARA
PROVIDER NUMBER ZZR00071F AND NPI NUMBER 1326119967
FISCAL PERIOD ENDED DECEMBER 31, 2007

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:

John Melton, 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
P.O. 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITAL - SANTA CLARA
PROVIDER NO. ZZR00071F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: NOT APPLICABLE

ACUTE CARE ONLY	Noncontract Cost Settlement	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
A. Medi-Cal Net Cost of Covered Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Adj. 1)	$ 935,074	$ 0	$ 935,074
B. Deductibles and Coinsurance (Third Party Liability) (Adj.)	$ 2,543	$ 0	$ 2,543
C. Medi-Cal Inpatient Days (Adjs. 2 - 5)			
1. Routine (Adults & Pediatrics)	258	0	258
2. ICU	45	0	45
3. CCU			
4. Nursery	19	0	19
5. NICU	40	0	40
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges (Adj.)	N/A	N/A	18,504
E. Total Medi-Cal Discharges (Adj. 6)	87	0	87
F. Total Medi-Cal Inpatient Charges/Units (Adj. 7)	$ 1,445,190	$ 0	$ 1,445,190

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **KAISER FOUNDATION HOSPITAL - SANTA CLARA**
PROVIDER NO. **ZZR00071F**
FISCAL PERIOD: **JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**
CONTRACT PERIOD: **NOT APPLICABLE**

A.	EXPENSE PASS-THROUGH DATA	REFERENCE		
1.	Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	$	29,283,841
2.	Rent and Lease Expense:	8820, and/or .75 and .76	$	14,198,202
3.	Interest Expense:	8860, 8870	$	1,282,922
4.	Property Taxes and License Fees:	8850 and/or .83	$	220,229
5.	Utility Expense:	.77, .78, .79, and .80	$	5,609,010
6.	Malpractice Insurance Expense:	8830 and/or .81	$	1,573,934
B.	GROSS OPERATING EXPENSES	Sch 10, line 101, col. 3	$	493,986,237
C.	STUDENT AND PHYSICIANS COMPENSATION			
1.	Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	6,413,092
2.	Professional Fees	.20	$	0
D.	PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	$	6,293,697
E.	FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	$	933,421
F.	DIRECT OPERATING COSTS			
1.	Salaries and Wages	.00 - .09, .91, .95	$	146,409,541
2.	Employee Benefits	.10 - .19, .92, .96	$	59,820,345
3.	Other Professional Fees	.21 - .29	$	9,107
4.	Purchased Services	.61 - .69	$	100,029,957
5.	Supplies	.31 - .36, .93, .97	$	20,167,619

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **KAISER FOUNDATION HOSPITAL - SANTA CLARA**
PROVIDER NO. **ZZR00071F**
FISCAL PERIOD: **JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**
CONTRACT PERIOD: **NOT APPLICABLE**

A. DIRECT PAYROLL COSTS (Totals)	REFERENCE		
1. Management and Supervision			
a. Productive Salaries	.00	$	9,961,146
b. Productive Hours			185,166
2. Technicians and Specialists			
a. Productive Salaries	.01	$	14,843,904
b. Productive Hours			359,951
3. Registered Nurses			
a. Productive Salaries	.02	$	63,033,381
b. Productive Hours			1,068,199
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	1,329,470
b. Productive Hours			40,378
5. Aides and Orderlies			
a. Productive Salaries	.04	$	4,526,816
b. Productive Hours			208,688
6. Physicians (Salaried)			
a. Productive Salaries	.07	$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	$	302,638
b. Productive Hours			10,062
8. Environmental and Food Services			
a. Productive Salaries	.06	$	0
b. Productive Hours			0
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	11,995,944
b. Productive Hours			513,913
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	23,242,376
b. Productive Hours			836,641
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	$	17,173,866
b. Nonproductive Hours	Report or Provider W/P		398,367
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		$	129,235,675
2. Productive Hours (lines 1b - 10b)			3,222,998
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		$	146,409,541
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			3,621,365

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	9

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
				ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS			
1	A&I-2	3	A	Medi-Cal Net Cost of Covered Services - Noncontract	$ 510,239	$ 424,835	$ 935,074
	A&I-2	3	A	Medi-Cal Net Cost of Covered Services - Contract	$	$ 0	$
	A&I-2	3	B	Deductibles and Coinsurance - Noncontract	$ 2,543	$ 0	$ 2,543
	A&I-2	3	B	Deductibles and Coinsurance - Contract	$	$ 0	$
2	A&I-2	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	106	152	258
	A&I-2	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract		0	
3	A&I-2	3	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	34	11	45
	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	
4	A&I-2	3	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	6	13	19
	A&I-2	3	C-4	Medi-Cal Inpatient Days - Nursery - Contract		0	
5	A&I-2	3	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	0	40	40
	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 ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	9

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	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	18,504	0	18,504
6	A&I-2	3	E	Total Medi-Cal Discharges - Acute - Noncontract	40	47	87
	A&I-2	3	E	Total Medi-Cal Discharges - Acute - Contract		0	
7	A&I-2	3	F	Total Medi-Cal Inpatient Charges/Units - Noncontract	$ 991,387	$ 453,803	$ 1,445,190
	A&I-2	3	F	Total Medi-Cal Inpatient Charges - Contract	$	$ 0	$
	A&I-2	4	A-1	Depreciation Expense	$ 29,283,841	$ 0	$ 29,283,841
	A&I-2	4	A-2	Rent and Lease Expense	$ 14,198,202	$ 0	$ 14,198,202
	A&I-2	4	A-3	Interest Expense	$ 1,282,922	$ 0	$ 1,282,922
	A&I-2	4	A-4	Property Taxes and License Fees	$ 220,229	$ 0	$ 220,229
	A&I-2	4	A-5	Utility Expenses	$ 5,609,010	$ 0	$ 5,609,010
	A&I-2	4	A-6	Malpractice Insurance Expense	$ 1,573,934	$ 0	$ 1,573,934
	A&I-2	4	B	Gross Operating Expenses	$ 493,986,237	$ 0	$ 493,986,237
	A&I-2	4	C-1	Student and Physician Salaries	$ 6,413,092	$ 0	$ 6,413,092

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	9

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	A&I-2	4	C-2	Professional Fees	$ 0	$ 0	$ 0
	A&I-2	4	D	Pharmacy Nonlabor Expense	$ 6,293,697	$ 0	$ 6,293,697
	A&I-2	4	E	Food Services Nonlabor Expense	$ 933,421	$ 0	$ 933,421
	A&I-2	4	F-1	Direct Operating - Salaries and Wages	$ 146,409,541	$ 0	$ 146,409,541
	A&I-2	4	F-2	Direct Operating - Employee Benefits	$ 59,820,345	$ 0	$ 59,820,345
	A&I-2	4	F-3	Direct Operating - Other Professional Fees	$ 9,107	$ 0	$ 9,107
	A&I-2	4	F-4	Direct Operating - Purchased Services	$ 100,029,957	$ 0	$ 100,029,957
	A&I-2	4	F-5	Direct Operating - Supplies	$ 20,167,619	$ 0	$ 20,167,619
	A&I-2	5	A-1-a	Productive Salaries - Management and Supervision	$ 9,961,146	$ 0	$ 9,961,146
	A&I-2	5	A-1-b	Productive Hours	185,166	0	185,166
	A&I-2	5	A-2-a	Productive Salaries - Technicians and Specialists	$ 14,843,904	$ 0	$ 14,843,904
	A&I-2	5	A-2-b	Productive Hours	359,951	0	359,951
	A&I-2	5	A-3-a	Productive Salaries - Registered Nurses	$ 63,033,381	$ 0	$ 63,033,381
	A&I-2	5	A-3-b	Productive Hours	1,068,199	0	1,068,199

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	9

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	A&I-2	5	A-4-a	Productive Salaries - Licensed Vocational Nurses	$ 1,329,470	$ 0	$ 1,329,470
	A&I-2	5	A-4-b	Productive Hours	40,378	0	40,378
	A&I-2	5	A-5-a	Productive Salaries - Aides and Orderlies	$ 4,526,816	$ 0	$ 4,526,816
	A&I-2	5	A-5-b	Productive Hours	208,688	0	208,688
	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	$ 302,638	$ 0	$ 302,638
	A&I-2	5	A-7-b	Productive Hours	10,062	0	10,062
	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	$ 11,995,944	$ 0	$ 11,995,944
	A&I-2	5	A-9-b	Productive Hours	513,913	0	513,913
	A&I-2	5	A-10-a	Productive Salaries - Other	$ 23,242,376	$ 0	$ 23,242,376
	A&I-2	5	A-10-b	Productive Hours	836,641	0	836,641
	N/A	N/A	A-11-a	Nonproductive Salaries	$ 17,173,866	$ 0	$ 17,173,866
	N/A	N/A	A-11-b	Nonproductive Hours	398,367	0	398,367

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	9

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	N/A	N/A	B 1	Subtotal Productive Salaries	$ 129,235,675	$ 0	$ 129,235,675
8	N/A	N/A	B 2	Subtotal Productive Hours	3,222,999	(1)	3,222,998
	N/A	N/A	C	Total Productive and Nonproductive Salaries	$ 146,409,541	$ 0	$ 146,409,541
9	N/A	N/A	D	Total Productive and Nonproductive Hours	3,621,366	(1)	3,621,365

To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records.
Title 22, CCR, Sections 51536 and 51545

FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES

PROVIDER	PROVIDER NO.	FPE
KAISER FOUNDATION HOSPITAL - SANTA CLARA	ZZR00071F	DECEMBER 31, 2007

SOURCE: Paid Claims Detail Report (Report 140)

MONTH/YR	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
		NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	ADMIN. DAYS	
Jan-2007	4							4
Feb-2007	4							4
Mar-2007	6							6
Apr-2007	10							10
May-2007	3							3
Jun-2007	14				(1)			13
Jul-2007	4							4
Aug-2007	4							4
Sep-2007	8				(1)			7
Oct-2007	11							11
Nov-2007	7							7
Dec-2007	15				(1)			14
TOTALS	**90**				**(3)**			**87**
TOTAL MEDI-CAL DISCHARGES NON-CONTRACT - REPORTED (RDB Schedule, Page 3, Line E)								**40**
AUDIT ADJUSTMENT (TITLE 22, CCR, SECTIONS 51536 AND 51545)								**47**