

**REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS**

**SUTTER DELTA MEDICAL CENTER
ANTIOCH, CALIFORNIA
PROVIDER NUMBER: ZZR00523F
NPI NUMBER: 1124135132**

**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: Diana Dong
Auditor: Sherina Li**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

September 30, 2010

Herbert Sheppard
Senior Reimbursement Analyst
Sutter Health
2880 Gateway Oaks, Suite 200
Sacramento CA 95833

PROVIDER: SUTTER DELTA MEDICAL CENTER
PROVIDER NO. ZZR00523F AND NPI NO. 1124135132
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 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.

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) 322-5603

Herbert Sheppard
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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
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: SUTTER DELTA MEDICAL CENTER
PROVIDER NO. ZZR00523F
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)	\$ 11,896,042		\$ 0		\$ 11,896,042
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 203,112		\$ 0		\$ 203,112
C. Medi-Cal Inpatient Days (Adjs. 3 - 6)					
1. Routine (Adults & Pediatrics)	4,138		0		4,138
2. ICU	389		0		389
3. CCU					
4. Nursery	503		0		503
5. NICU	42		0		42
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj.)	N/A		N/A		7,648
E. Total Medi-Cal Discharges (Adj. 7)	1,123		0		1,123
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 46,423,206		\$ 0		\$ 46,423,206

RATE DEVELOPMENT WORKSHEETS

PROVIDER: SUTTER DELTA MEDICAL CENTER
PROVIDER NO. ZZR00523F
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	\$	5,691,432
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	988,740
3. Interest Expense:	8860, 8870	\$	2,644,092
4. Property Taxes and License Fees:	8850 and/or .83	\$	474,258
5. Utility Expense:	.77, .78, .79, and .80	\$	1,688,643
6. Malpractice Insurance Expense:	8830 and/or .81	\$	886,613
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 125,629,869
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	4,093,609
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	2,889,296
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	916,348
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	40,913,172
2. Employee Benefits	.10 - .19, .92, .96	\$	25,413,282
3. Other Professional Fees	.21 - .29	\$	9,377,327
4. Purchased Services	.61 - .69	\$	8,088,311
5. Supplies	.31 - .36, .93, .97	\$	10,496,725
6. Other Direct Operating Expense	.85 - .90	\$	11,068,022

RATE DEVELOPMENT WORKSHEETS

PROVIDER: SUTTER DELTA MEDICAL CENTER
PROVIDER NO. ZZR00523F
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	\$	3,107,447
b. Productive Hours			58,996.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,011,660
b. Productive Hours			258,860.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	17,365,993
b. Productive Hours			337,635.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,099,113
b. Productive Hours			33,569.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	962,046
b. Productive Hours			41,040.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	639,904
b. Productive Hours			25,756.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	2,257,237
b. Productive Hours			104,600.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	4,835,425
b. Productive Hours			210,357.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	634,347
b. Productive Hours			25,532.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	10,269,036
b. Productive Hours	Report or Provider W/P		244,809.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>40,913,172</u>
2. Productive Hours (lines 1b - 10b)			<u>1,096,345.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>51,182,208</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>1,341,154.00</u>

AUDIT ADJUSTMENTS

Provider: SUTTER DELTA MEDICAL CENTER				Provider No. ZZR00523F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Adjs: 16	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>							
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 11,425,885	\$ 538,833	\$ 11,896,042
	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$	\$
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	\$ 154,438	\$ 48,674	\$ 203,112
	A&I-2	1	B	Deductibles and Coinsurance - Contract	\$	\$	\$
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	3,781	357	4,138
	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract			
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	370	19	389
	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Contract			
	A&I-2	1	C-3	Medi-Cal Inpatient Days - CCU - Noncontract			
	A&I-2	1	C-3	Medi-Cal Inpatient Days - CCU - Contract			
5	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	430	73	503
	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract			
6	A&I-2	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	78	(36)	42
	A&I-2	1	C-5	Medi-Cal Inpatient Days - NICU - Contract			
	A&I-2	1	C-6a	Medi-Cal Inpatient Days - _____ Noncontract			
	A&I-2	1	C-6a	Medi-Cal Inpatient Days - _____ Contract			

AUDIT ADJUSTMENTS

Provider:				Provider No.	Fiscal Period:	No. of Adjs:	
SUTTER DELTA MEDICAL CENTER				ZZR00523F	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	16	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	A&I-2	1	C-6b	Medi-Cal Inpatient Days - _____ Noncontract			
	A&I-2	1	C-6b	Medi-Cal Inpatient Days - _____ Contract			
	A&I-2	1	E	Total Hospital Discharges	7,648	0	7,648
7	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Noncontract	1,106	17	1,123
	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Contract			
8	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Noncontract	\$ 41,332,899	\$ 5,090,307	\$ 46,423,206
	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Contract	\$	\$	\$
	A&I-2	2	A-1	Depreciation Expense	\$ 5,691,432	\$ 0	\$ 5,691,432
	A&I-2	2	A-2	Rent and Lease Expense	\$ 988,740	\$ 0	\$ 988,740
9	A&I-2	2	A-3	Interest Expense	\$ 2,753,801	\$ (109,709)	\$ 2,644,092
10	A&I-2	2	A-4	Property Taxes and License Fees	\$ 469,984	\$ 4,274	\$ 474,258
	A&I-2	2	A-5	Utility Expenses	\$ 1,688,643	\$ 0	\$ 1,688,643
11	A&I-2	2	A-6	Malpractice Insurance Expense	\$ 911,189	\$ (24,576)	\$ 886,613
	A&I-2	2	B	Gross Operating Expenses	\$ 125,629,869	\$ 0	\$ 125,629,869
	A&I-2	2	C-1	Student and Physician Salaries	\$	\$	\$

AUDIT ADJUSTMENTS

Provider: SUTTER DELTA MEDICAL CENTER				Provider No. ZZR00523F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Adjs: 16	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	A&I-2	2	C-2	Professional Fees	\$ 4,093,609	\$ 0	\$ 4,093,609
12	A&I-2	2	D	Pharmacy Nonlabor Expense	\$ 2,736,405	\$ 152,891	\$ 2,889,296
13	A&I-2	2	E	Food Services Nonlabor Expense	\$ 905,975	\$ 10,373	\$ 916,348
	A&I-2	2	F-1	Direct Operating - Salaries and Wages	\$ 40,913,172	\$ 0	\$ 40,913,172
	A&I-2	2	F-2	Direct Operating - Employee Benefits	\$ 25,413,282	\$ 0	\$ 25,413,282
	A&I-2	2	F-3	Direct Operating - Other Professional Fees	\$ 9,377,327	\$ 0	\$ 9,377,327
14	A&I-2	2	F-4	Direct Operating - Purchased Services	\$ 9,440,371	\$ (1,352,060)	\$ 8,088,311
15	A&I-2	2	F-5	Direct Operating - Supplies	\$ 10,513,581	\$ (16,856)	\$ 10,496,725
16	A&I-2	2	F-6	Other Direct Operating Expense	\$ 0	\$ 11,068,022	\$ 11,068,022
	A&I-2	3	A-1-a	Productive Salaries - Management and Supervision	\$ 3,107,447	\$ 0	\$ 3,107,447
	A&I-2	3	A-1-b	Productive Hours	58,996.00	0	58,996.00
	A&I-2	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 10,011,660	\$ 0	\$ 10,011,660
	A&I-2	3	A-2-b	Productive Hours	258,860.00	0	258,860.00
	A&I-2	3	A-3-a	Productive Salaries - Registered Nurses	\$ 17,365,993	\$ 0	\$ 17,365,993
	A&I-2	3	A-3-b	Productive Hours	337,635.00	0	337,635.00

AUDIT ADJUSTMENTS

Provider: SUTTER DELTA MEDICAL CENTER				Provider No. ZZR00523F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Adjs: 16	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	A&I-2	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 1,099,113	\$ 0	\$ 1,099,113
	A&I-2	3	A-4-b	Productive Hours	33,569.00	0	33,569.00
	A&I-2	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 962,046	\$ 0	\$ 962,046
	A&I-2	3	A-5-b	Productive Hours	41,040.00	0	41,040.00
	A&I-2	3	A-6-a	Productive Salaries - Physicians (Salaried)	\$	\$	\$
	A&I-2	3	A-6-b	Productive Hours			
	A&I-2	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 639,904	\$ 0	\$ 639,904
	A&I-2	3	A-7-b	Productive Hours	25,756.00	0	25,756.00
	A&I-2	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 2,257,237	\$ 0	\$ 2,257,237
	A&I-2	3	A-8-b	Productive Hours	104,600.00	0	104,600.00
	A&I-2	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 4,835,425	\$ 0	\$ 4,835,425
	A&I-2	3	A-9-b	Productive Hours	210,357.00	0	210,357.00
	A&I-2	3	A-10-a	Productive Salaries - Other	\$ 634,347	\$ 0	\$ 634,347
	A&I-2	3	A-10-b	Productive Hours	25,532.00	0	25,532.00
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 10,269,036	\$ 0	\$ 10,269,036
	N/A	N/A	A-11-b	Nonproductive Hours	244,809.00	0	244,809.00

AUDIT ADJUSTMENTS

Provider: SUTTER DELTA MEDICAL CENTER				Provider No. ZZR00523F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Adjs: 16	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 40,913,172	\$ 0	\$ 40,913,172
	N/A	N/A	B 2	Subtotal Productive Hours	1,096,345.00	0	1,096,345.00
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 51,182,208	\$ 0	\$ 51,182,208
	N/A	N/A	D	Total Productive and Nonproductive Hours	1,341,154.00	0	1,341,154.00

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

