

**REPORT  
ON THE AUDIT OF  
RATE DEVELOPMENT BRANCH SCHEDULES**

**ENLOE MEDICAL CENTER  
CHICO, CALIFORNIA  
PROVIDER NUMBER: 1417901091**

**FISCAL PERIOD ENDED  
JUNE 30, 2008**

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

**Section Chief: Steven Gary  
Audit Supervisor: Kelly Ostrom  
Auditor: Blanca Dacanay**



TOBY DOUGLAS  
*Director*

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



EDMUND G. BROWN, JR.  
*Governor*

November 21, 2011

Myron Machula  
Chief Financial Officer  
Enloe Medical Center  
1531 Esplanade  
Chico, CA 95926

PROVIDER: ENLOE MEDICAL CENTER  
PROVIDER NO. 1417901091  
FISCAL PERIOD ENDED JUNE 30, 2008

We have examined the Rate Development Worksheets for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institution code. The data for the worksheets was obtained from provider records during a field audit.

In our opinion, the audited data presented in the Rate Development Worksheets 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 Worksheets
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).

Myron Machula  
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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

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  
(916) 440-7745

**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

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—Sacramento at (916) 650-6994.

**Original Signed By**

Steven Gary, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** ENLOE MEDICAL CENTER  
**PROVIDER NO.** 1417901091  
**FISCAL PERIOD:** JULY 1, 2007 THROUGH JUNE 30, 2008  
**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)	\$ 24,220,812				\$ 24,220,812
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 142,861				\$ 142,861
C. Medi-Cal Inpatient Days (Adj. 3-6)					
1. Routine (Adults & Pediatrics)	8,792.50				8,792.50
2. ICU	1,171				1,171
3. CCU					
4. Nursery	1,567				1,567
5. NICU	310				310
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj. )	N/A		N/A		16,103
E. Total Medi-Cal Discharges** (Adj. 7)		2,296			2,296
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 105,364,998				\$ 105,364,998

(The previous Section D. Average Per Diem was eliminated. This information is not needed by RDB and has been removed from the Rate Development Branch Schedules that are sent by ARAS to the provider for completion.)

\* Do not include data for NF or Administrative Days.

\*\* Do not include newborns that were born in the hospital.

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** ENLOE MEDICAL CENTER  
**PROVIDER NO.** 1417901091  
**FISCAL PERIOD:** JULY 1, 2007 THROUGH JUNE 30, 2008  
**CONTRACT PERIOD:** N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	10,063,338
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	1,182,398
3. Interest Expense:	8860, 8870	\$	2,912,514
4. Property Taxes and License Fees:	8850 and/or .83	\$	869,433
5. Utility Expense:	.77, .78, .79, and .80	\$	2,586,952
6. Malpractice Insurance Expense:	8830 and/or .81	\$	3,335,351
 B. GROSS OPERATING EXPENSES	Sch 10, line 101, col. 3	\$	278,860,938
 C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	16,626,862
 D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	17,137,165
 E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	316,297
 F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	103,182,097
2. Employee Benefits	.10 - .19, .92, .96	\$	45,934,151 (was Sch 10, line 5, col. 3)
3. Other Professional Fees	.21 - .29	\$	10,545,269
4. Purchased Services	.61 - .69	\$	25,093,600
5. Supplies	.31 - .36, .93, .97	\$	32,300,012
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** ENLOE MEDICAL CENTER  
**PROVIDER NO.** 1417901091  
**FISCAL PERIOD:** JULY 1, 2007 THROUGH JUNE 30, 2008  
**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	9,382,639
b. Productive Hours			172,538.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	26,844,972
b. Productive Hours			776,784.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	44,185,577
b. Productive Hours			990,391.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,918,663
b. Productive Hours			80,335.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	6,950,842
b. Productive Hours			472,673.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	1,667,242
b. Productive Hours			28,388.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	1,775,536
b. Productive Hours			92,337.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	10,335,651
b. Productive Hours			658,855.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	120,977
b. Productive Hours			3,476.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	13,428,392
b. Productive Hours	Report or Provider W/P		419,541.00
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>103,182,099</u>
2. Productive Hours (lines 1b - 10b)			<u>3,275,777.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>116,610,491</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>3,695,318.00</u></b>

**AUDIT ADJUSTMENTS**

Provider: ENLOE MEDICAL CENTER				Provider No. 1417901091	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 8	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u></b>							
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 23,308,058	\$ 912,754	\$ 24,220,812
	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$	\$
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	\$ 117,382	\$ 25,479	\$ 142,861
	A&I-2	1	B	Deductibles and Coinsurance - Contract	\$	\$	\$
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	8,332	461	8,792.50
	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	1,084	87	1,171
	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	1,461	106	1,567
	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	396	(86)	310
	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			

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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	16,103		16,103
7	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Noncontract	2,222	74	2,296
	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Contract			
8	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Noncontract	\$ 100,738,957	\$ 4,626,041	\$ 105,364,998
	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Contract	\$	\$	\$
	A&I-2	2	A-1	Depreciation Expense	\$ 10,063,338	\$	\$ 10,063,338
	A&I-2	2	A-2	Rent and Lease Expense	\$ 1,182,398	\$	\$ 1,182,398

**AUDIT ADJUSTMENTS**

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	A&I-2	2	A-3	Interest Expense	\$ 2,912,514	\$	\$ 2,912,514
	A&I-2	2	A-4	Property Taxes and License Fees	\$ 869,433	\$	\$ 869,433
	A&I-2	2	A-5	Utility Expenses	\$ 2,586,952	\$	\$ 2,586,952
	A&I-2	2	A-6	Malpractice Insurance Expense	\$ 3,335,351	\$	\$ 3,335,351
	A&I-2	2	B	Gross Operating Expenses	\$ 278,860,938	\$	\$ 278,860,938
	A&I-2	2	C-1	Student and Physician Salaries	\$	\$	\$
	A&I-2	2	C-2	Professional Fees	\$ 16,626,862	\$	\$ 16,626,862
	A&I-2	2	D	Pharmacy Nonlabor Expense	\$ 17,137,165	\$	\$ 17,137,165
	A&I-2	2	E	Food Services Nonlabor Expense	\$ 316,297	\$	\$ 316,297
	A&I-2	2	F-1	Direct Operating - Salaries and Wages	\$ 103,182,097	\$	\$ 103,182,097
	A&I-2	2	F-2	Direct Operating - Employee Benefits	\$ 45,934,151	\$	\$ 45,934,151
	A&I-2	2	F-3	Direct Operating - Other Professional Fees	\$ 10,545,269	\$	\$ 10,545,269
	A&I-2	2	F-4	Direct Operating - Purchased Services	\$ 25,093,600	\$	\$ 25,093,600
	A&I-2	2	F-5	Direct Operating - Supplies	\$ 32,300,012	\$	\$ 32,300,012

**AUDIT ADJUSTMENTS**

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	A&I-2	2	F-6	Other Direct Operating Expense	\$	\$	\$
	A&I-2	3	A-1-a	Productive Salaries - Management and Supervision	\$ 9,382,639	\$	\$ 9,382,639
	A&I-2	3	A-1-b	Productive Hours	172,538.00		172,538.00
	A&I-2	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 26,844,972	\$	\$ 26,844,972
	A&I-2	3	A-2-b	Productive Hours	776,784.00		776,784.00
	A&I-2	3	A-3-a	Productive Salaries - Registered Nurses	\$ 44,185,577	\$	\$ 44,185,577
	A&I-2	3	A-3-b	Productive Hours	990,391.00		990,391.00
	A&I-2	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 1,918,663	\$	\$ 1,918,663
	A&I-2	3	A-4-b	Productive Hours	80,335.00		80,335.00
	A&I-2	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 6,950,842	\$	\$ 6,950,842
	A&I-2	3	A-5-b	Productive Hours	472,673.00		472,673.00
	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	\$ 1,667,242	\$	\$ 1,667,242
	A&I-2	3	A-7-b	Productive Hours	28,388.00		28,388.00
	A&I-2	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 1,775,536	\$	\$ 1,775,536
	A&I-2	3	A-8-b	Productive Hours	92,337.00		92,337.00
	A&I-2	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 10,335,651	\$	\$ 10,335,651
	A&I-2	3	A-9-b	Productive Hours	658,855.00		658,855.00
	A&I-2	3	A-10-a	Productive Salaries - Other	\$ 120,977	\$	\$ 120,977
	A&I-2	3	A-10-b	Productive Hours	3,476.00		3,476.00

**AUDIT ADJUSTMENTS**

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 13,428,392	\$	\$ 13,428,392
	N/A	N/A	A-11-b	Nonproductive Hours	419,541.00		419,541.00
	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 103,182,097	\$	\$ 103,182,097
	N/A	N/A	B 2	Subtotal Productive Hours	3,275,776.00		3,275,776.00
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 116,610,490	\$	\$ 116,610,490
	N/A	N/A	D	Total Productive and Nonproductive Hours	3,695,317.00		3,695,317.00

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