

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

**BAKERSFIELD MEMORIAL HOSPITAL  
BAKERSFIELD, CALIFORNIA  
PROVIDER NUMBER: ZZT30036F  
NPI NUMBER: 1467538520  
FISCAL PERIOD ENDED  
JUNE 30, 2008**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Linda King  
Auditor: Dianna Morgan**



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



EDMUND G. BROWN JR.  
GOVERNOR

March 17, 2011

Jessica Hanson, CFO  
Bakersfield Memorial Hospital  
430 34<sup>th</sup> Street  
Bakersfield, CA 93303

PROVIDER: BAKERSFIELD MEMORIAL HOSPITAL  
PROVIDER NO. ZZT30036F  
FISCAL PERIOD ENDED JUNE 30, 2008

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](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) 355-5603

Jessica Hanson  
Page 2

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) 440-7745

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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief  
Audits Section—Fresno  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** BAKERSFIELD MEMORIAL HOSPITAL  
**PROVIDER NO.** ZZT30036F  
**FISCAL PERIOD:** JULY 1, 2007 THROUGH JUNE 30, 2008  
**CONTRACT PERIOD:** N/A

|   | Noncontract<br>Cost<br>Settlement | Medi-Cal<br>For Contract<br>Services | Medi-Cal<br>Total For<br>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) | \$ 13,336,780                     | \$                                   | \$ 13,336,780                          |
| B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)   | \$ 202,270                        | \$                                   | \$ 202,270                             |
| C. Medi-Cal Inpatient Days (Adj. 3-6)   |                                   |                                      |  |
| 1. Routine (Adults & Pediatrics)  | 4,467                             |                                      | 4,467                                  |
| 2. ICU  | 728                               |                                      | 728                                    |
| 3. CCU  |                                   |                                      |  |
| 4. Nursery  | 165                               |                                      | 165                                    |
| 5. NICU   | 2,384                             |                                      | 2,384                                  |
| 6. Other (Specify)  |                                   |                                      |  |
| a.  |                                   |                                      |  |
| b.  |                                   |                                      |  |
| D. Total Hospital Discharges ** (Adj. )   | N/A                               | N/A                                  |  |
| E. Total Medi-Cal Discharges** (Adj. 7)   | 1,212                             |                                      | 1,212                                  |
| F. Total Medi-Cal Inpatient Charges (Adj. 8)  | \$ 61,767,675                     | \$                                   | \$ 61,767,675                          |

(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:** BAKERSFIELD MEMORIAL HOSPITAL  
**PROVIDER NO.** ZZT30036F  
**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     | \$     | 7,246,803       |
| 2. Rent and Lease Expense:               | 8820, and/or .75 and .76                      | \$     | 1,011,269       |
| 3. Interest Expense:                     | 8860, 8870                                    | \$     | 3,167,458       |
| 4. Property Taxes and License Fees:      | 8850 and/or .83                               | \$     | 182,096         |
| 5. Utility Expense:                      | .77, .78, .79, and .80                        | \$     | 3,257,157       |
| 6. Malpractice Insurance Expense:        | 8830 and/or .81                               | \$     | 922,783         |
| <br>B. GROSS OPERATING EXPENSES          | <br>Sch 10, line 101, col. 3                  | <br>\$ | <br>206,425,627 |
| C. STUDENT AND PHYSICIANS COMPENSATION   |   |        |                 |
| 1. Salaries and Wages (include benefits) | .07, 8210.09 - 8290.09                        | \$     |                 |
| 2. Professional Fees                     | .20   | \$     | 1,211,095       |
| <br>D. PHARMACY NONLABOR EXPENSES        | <br>8390.37 and 8390.38                       | <br>\$ | <br>7,693,697   |
| <br>E. FOOD SERVICES NONLABOR EXPENSES   | <br>8320, 8330 and 8340<br>and/or .42 and .43 | <br>\$ | <br>1,517,686   |
| F. DIRECT OPERATING COSTS                |   |        |                 |
| 1. Salaries and Wages                    | .00 - .09, .91, .95                           | \$     | 67,461,819      |
| 2. Employee Benefits                     | .10 - .19, .92, .96                           | \$     | 31,025,316      |
| 3. Other Professional Fees               | .21 - .29                                     | \$     | 14,538,966      |
| 4. Purchased Services                    | .61 - .69                                     | \$     | 10,891,765      |
| 5. Supplies                              | .31 - .36, .93, .97                           | \$     | 31,584,068      |
| 6. Other Direct Operating Expense        | .85 - .90                                     | \$     | 24,713,653      |

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** BAKERSFIELD MEMORIAL HOSPITAL  
**PROVIDER NO.:** ZZT30036F  
**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                    | \$        | 7,524,718                  |
| b. Productive Hours  |                        |           | 134,549.00                 |
| 2. Technicians and Specialists                                   |                        |           |                            |
| a. Productive Salaries   | .01                    | \$        | 14,965,083                 |
| b. Productive Hours  |                        |           | 495,916.00                 |
| 3. Registered Nurses   |                        |           |                            |
| a. Productive Salaries   | .02                    | \$        | 31,922,213                 |
| b. Productive Hours  |                        |           | 710,102.00                 |
| 4. Licensed Vocational Nurses                                    |                        |           |                            |
| a. Productive Salaries   | .03                    | \$        | 671,375                    |
| b. Productive Hours  |                        |           | 28,873.00                  |
| 5. Aides and Orderlies   |                        |           |                            |
| a. Productive Salaries   | .04                    | \$        | 3,045,231                  |
| b. Productive Hours  |                        |           | 205,938.00                 |
| 6. Physicians (Salaried)   |                        |           |                            |
| a. Productive Salaries   | .07                    | \$        |                            |
| b. Productive Hours  |                        |           |                            |
| 7. Nonphysician Medical Practitioners                            |                        |           |                            |
| a. Productive Salaries   | .08                    | \$        |                            |
| b. Productive Hours  |                        |           |                            |
| 8. Environmental and Food Services                               |                        |           |                            |
| a. Productive Salaries   | .06                    | \$        | 2,790,953                  |
| b. Productive Hours  |                        |           | 201,999.00                 |
| 9. Clerical and Other Administrative                             |                        |           |                            |
| a. Productive Salaries   | .05                    | \$        | 5,334,069                  |
| b. Productive Hours  |                        |           | 322,245.00                 |
| 10. Other Salaries and Wages                                     |                        |           |                            |
| a. Productive Salaries   | .09                    | \$        | 1,379,353                  |
| b. Productive Hours  |                        |           | 56,346.00                  |
| 11. All Nonproductive Salaries and Wages                         |                        |           |                            |
| a. Productive Salaries   | Labor Distribution     | \$        | 10,716,388                 |
| b. Productive Hours  | Report or Provider W/P |           | 363,179.00                 |
| <b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>                         |                        |           |                            |
| 1. Productive Salaries (lines 1a - 10a)                          |                        | \$        | <u>67,632,995</u>          |
| 2. Productive Hours (lines 1b - 10b)                             |                        |           | <u>2,155,968.00</u>        |
| <b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b> |                        | <b>\$</b> | <b><u>78,349,383</u></b>   |
| <b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>    |                        |           | <b><u>2,519,147.00</u></b> |



**AUDIT ADJUSTMENTS**

| Provider:                     |      | Provider No.  | Fiscal Period:                     | No. of Adjs:        |
|-------------------------------|------|---|------------------------------------|---------------------|
| BAKERSFIELD MEMORIAL HOSPITAL |      | ZZT30036F   | JULY 1, 2007 THROUGH JUNE 30, 2008 | 15                  |
| Report Reference              |      | Explanation of Audit Adjustments                        | Reported                           | Increase (Decrease) |
| Adj. No.                      | Form | Page  | Line                               |                     |
| 15                            | N/A  | N/A   | N/A                                |                     |
|                               |      | Direct Operating Costs - Other Direct Operating Expense |                                    | \$ 0                |
|                               |      |   |                                    | \$ 24,713,653       |
|                               |      |   |                                    | \$ 24,713,653       |

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

