

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

**HEART HOSPITAL OF BAKERSFIELD
BAKERSFIELD, CALIFORNIA
PROVIDER NUMBER: HSP30724F**

**FISCAL PERIOD ENDED
SEPTEMBER 30, 2008**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Adrian Peña**



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



EDMUND G. BROWN JR.
GOVERNOR

May 19, 2011

Ken Jordan, CFO
Heart Hospital of Bakersfield
3001 Sillect Avenue
Bakersfield, CA 93308

PROVIDER: HEART HOSPITAL OF BAKERSFIELD
PROVIDER NO. HSP30724F
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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:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 355-5603

Ken Jordan
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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
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: HEART HOSPITAL OF BAKERSFIELD
PROVIDER NO. HSP30724F
FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 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)	\$ 2,448,199	\$	\$ 2,448,199
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 416,118	\$	\$ 416,118
C. Medi-Cal Inpatient Days (Adj. 3)			
1. Routine (Adults & Pediatrics)	888		888
2. ICU			
3. CCU			
4. Nursery			
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges ** (Adj.)	N/A	N/A	4,043
E. Total Medi-Cal Discharges** (Adj. 4)	219		219
F. Total Medi-Cal Inpatient Charges (Adj. 5)	\$ 11,068,486	\$	\$ 11,068,486

* Do not include data for NF or Administrative Days.

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

RATE DEVELOPMENT WORKSHEETS

PROVIDER: HEART HOSPITAL OF BAKERSFIELD
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FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 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	\$	2,122,696
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	534,161
3. Interest Expense:	8860, 8870	\$	2,412,208
4. Property Taxes and License Fees:	8850 and/or .83	\$	537,501
5. Utility Expense:	.77, .78, .79, and .80	\$	771,935
6. Malpractice Insurance Expense:	8830 and/or .81	\$	(158,004)
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 56,499,299
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	849,652
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	2,834,720
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	394,824
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	16,316,371
2. Employee Benefits	.10 - .19, .92, .96	\$	5,660,205
3. Other Professional Fees	.21 - .29	\$	5,842,307
4. Purchased Services	.61 - .69	\$	3,625,599
5. Supplies	.31 - .36, .93, .97	\$	11,094,108

RATE DEVELOPMENT WORKSHEETS

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PROVIDER NO.: HSP30724F
FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	2,051,653
b. Productive Hours			40,893.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	3,943,866
b. Productive Hours			112,131.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	7,740,730
b. Productive Hours			179,593.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	
b. Productive Hours			
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	889,754
b. Productive Hours			67,709.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	238,748
b. Productive Hours			3,616.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	51,415
b. Productive Hours			1,887.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,440,702
b. Productive Hours			70,072.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	1,709,366
b. Productive Hours	Report or Provider W/P		57,677.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>16,356,868</u>
2. Productive Hours (lines 1b - 10b)			<u>475,901.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>18,066,234</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>533,578.00</u>

AUDIT ADJUSTMENTS

Provider: HEART HOSPITAL OF BAKERSFIELD		Provider No. HSP30724F	Fiscal Period: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008		No. of Adjs: 6	
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
1	A&I-2	3 A	<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u> Medi-Cal Net Cost of Covered Services - Noncontract	\$ 2,082,632	\$ 365,567	\$ 2,448,199
2	A&I-2	3 B	Deductibles and Coinsurance - Noncontract	\$ 295,803	\$ 120,315	\$ 416,118
3	A&I-2	3 C-1	Medi-Cal Inpatient Days - Adults and Pediatrics - Noncontract	768	120	888
4	A&I-2	3 E	Total Medi-Cal Discharges - Acute - Noncontract	196	23	219
5	A&I-2	3 F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 9,163,443	\$ 1,905,043	\$ 11,068,486
6	A&I-2	4 F-5	Direct Operating Costs - Supplies	\$ 10,686,783	\$ 407,325	\$ 11,094,108

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

