

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES
KAISER FOUNDATION HOSPITALS –
WEST LOS ANGELES
LOS ANGELES, CALIFORNIA
PROVIDER NUMBERS: ZZT 31414F / NPI 1134274897
FISCAL PERIOD ENDED
DECEMBER 31, 2008**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Celia Avina
Auditor: Doris Burks**



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



EDMUND G. BROWN JR
GOVERNOR

January 11, 2011

Jane C. Moore
Senior Manager, National Medicare Finance
Kaiser Foundation Health Plan - Walnut Center
393 East Walnut Street, Fourth Floor
Pasadena, CA 91188

PROVIDER: KAISER FOUNDATION HOSPITALS – WEST LOS ANGELES
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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 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:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(916) 322-5603

Jane C. Moore
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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) 440-7700

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - WEST LOS ANGELES
PROVIDER NOS. ZZT31414F / NPI 1134274897
FISCAL PERIOD: JANUARY 1, 2008 THROUGH DECEMBER 31, 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)	\$ 515,407	\$	\$ 515,407
B. Deductibles and Coinsurance (Third Party Liability) (Adj.)	\$	\$	\$
C. Medi-Cal Inpatient Days (Adj. 2, 3, 4)			
1. Routine (Adults & Pediatrics)	178		178
2. ICU	2		2
3. CCU			
4. Nursery	7		7
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges (Adj.)	N/A	N/A	10,960
E. Total Medi-Cal Discharges (Adj. 5)	35		35
F. Total Medi-Cal Inpatient Charges (Adj. 6)	\$ 865,068	\$	\$ 865,068

RATE DEVELOPMENT WORKSHEETS

PROVIDER: KAISER FOUNDATION HOSPITALS - WEST LOS ANGELES
PROVIDER NOS. ZZT31414F / NPI 1134274897
FISCAL PERIOD: JANUARY 1, 2008 THROUGH DECEMBER 31, 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	\$	26,791,089
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,532,968
3. Interest Expense:	8860, 8870	\$	944,491
4. Property Taxes and License Fees:	8850 and/or .83	\$	409,839
5. Utility Expense:	.77, .78, .79, and .80	\$	4,067,089
6. Malpractice Insurance Expense:	8830 and/or .81	\$	913,581
 B. GROSS OPERATING EXPENSES	 C/R W/S A, line 101, col. 3	 \$	 307,183,902
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 3,199,632
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,062,180
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	71,218,521
2. Employee Benefits	.10 - .19, .92, .96	\$	31,916,953
3. Other Professional Fees	.21 - .29	\$	192,033
4. Purchased Services	.61 - .69	\$	112,806,790
5. Supplies	.31 - .36, .93, .97	\$	44,242,490

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FISCAL PERIOD: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	7,300,522
b. Productive Hours			149,789
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	7,937,355
b. Productive Hours			171,654
3. Registered Nurses			
a. Productive Salaries	.02	\$	22,530,052
b. Productive Hours			484,345
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	480,293
b. Productive Hours			16,649
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,715,365
b. Productive Hours			95,107
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	10,374
b. Productive Hours			142
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	5,891,232
b. Productive Hours			346,340
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	8,622,000
b. Productive Hours			404,582
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	2,188,240
b. Productive Hours			115,881
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	14,543,088
b. Productive Hours	Report or Provider W/P		343,140
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>56,675,433</u>
2. Productive Hours (lines 1b - 10b)			<u>1,784,489</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>71,218,521</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,127,629</u>

AUDIT ADJUSTMENTS

Provider:		Provider Nos.		Fiscal Period:		No. of Adjs:	
KAISER FOUNDATION HOSPITALS - WEST LOS ANGELES		ZZT31414F / NPI 1134274897		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		6	
Report Reference		Explanation of Audit Adjustments		Reported	Increase (Decrease)	Audited	
Adj. No.	Form	Page	Line				
1	DHCS 3094	3	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 212,856	\$ 302,551	\$ 515,407
2	DHCS 3094	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	58	120	178
3	DHCS 3094	3	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	15	(13)	2
4	DHCS 3094	3	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	1	6	7
5	DHCS 3094	3	E	Total Medi-Cal Discharges - Acute - Noncontract	14	21	35
6	DHCS 3094	3	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 336,162	\$ 528,906	\$ 865,068
				To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records. Title 22, CCR, Section 51536			

