REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS

LA PALMA INTERCOMMUNITY HOSPITAL
LA PALMA, CALIFORNIA
PROVIDER NUMBER: HSP30580J
NATIONAL PROVIDER IDENTIFIER: 1417965559

FISCAL PERIOD ENDED
DECEMBER 31, 2008

Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Margaret A. Varho
Audit Supervisor: Henry Igboke
Auditors: Sandra Hy

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: April 14, 2011

Alan Smith, CFO
West Anaheim Medical Center
3033 West Orange Avenue
Anaheim, CA 92804

PROVIDER: LA PALMA INTERCOMMUNITY HOPSITAL
PROVIDER NO. HSP30580J
FISCAL PERIOD ENDED DECEMBER 31, 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.

605 West Santa Ana Blvd., Building 28, Room 830, Santa Ana, CA 92701-4036
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.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 95814-2878
(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

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—Santa Ana at (714) 558-4434.

(***Original signed by Margaret Varho***)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **LA PALMA INTERCOMMUNITY HOSPITAL**
PROVIDER NO. **HSP30580J**
FISCAL PERIOD: **JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**
CONTRACT PERIOD: **N/A**

ACUTE CARE ONLY*	Noncontract Cost Settlement	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
A. Medi-Cal Net Cost of Covered Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Adj. 1)	$ 2,176,295	$	$ 2,176,295
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	$ (62,784)	$	$ (62,784)
C. Medi-Cal Inpatient Days (Adjs. 3,4,5)			
1. Routine (Adults & Pediatrics)	935		935
2. ICU	76		76
3. CCU			
4. Nursery	252		252
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges ** (Adj.)	N/A	N/A	
E. Total Medi-Cal Discharges** (Adj. 6)	336		336
F. Total Medi-Cal Inpatient Charges (Adj. 7)	$ 6,254,591	$	$ 6,254,591

(The previous Section D. Average Per Diem was elimated. 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: **LA PALMA INTERCOMMUNITY HOSPITAL**
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FISCAL PERIOD: **JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**
CONTRACT PERIOD: **N/A**

A. EXPENSE PASS-THROUGH DATA		REFERENCE		
1.	Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	$	622,780
2.	Rent and Lease Expense:	8820, and/or .75 and .76	$	1,873,583
3.	Interest Expense:	8860, 8870	$	
4.	Property Taxes and License Fees:	8850 and/or .83	$	370,754
5.	Utility Expense:	.77, .78, .79, and .80	$	443,824
6.	Malpractice Insurance Expense:	8830 and/or .81	$	269,725
B. GROSS OPERATING EXPENSES		Sch 10, line 101, col. 3	$	36,063,318
C. STUDENT AND PHYSICIANS COMPENSATION				
1.	Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	
2.	Professional Fees	.20	$	696,269
D. PHARMACY NONLABOR EXPENSES		8390.37 and 8390.38	$	846,610
E. FOOD SERVICES NONLABOR EXPENSES		8320, 8330 and 8340 and/or .42 and .43	$	421,569
F. DIRECT OPERATING COSTS				
1.	Salaries and Wages	.00 - .09, .91, .95	$	17,850,375
2.	Employee Benefits	.10 - .19, .92, .96	$	3,248,023
3.	Other Professional Fees	.21 - .29	$	484,652
4.	Purchased Services	.61 - .69	$	5,394,492
5.	Supplies	.31 - .36, .93, .97	$	2,362,691
6.	Other Direct Operating Expense	.85 - .90	$	

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **LA PALMA INTERCOMMUNITY HOSPITAL**
PROVIDER NO. **HSP30580J**
FISCAL PERIOD: **JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**
CONTRACT PERIOD: **N/A**

A. DIRECT PAYROLL COSTS (Totals)	REFERENCE		
1. Management and Supervision			
a. Productive Salaries	.00	$	3,759,444
b. Productive Hours			78,642.00
2. Technicians and Specialists			
a. Productive Salaries	.01	$	3,284,791
b. Productive Hours			103,054.00
3. Registered Nurses			
a. Productive Salaries	.02	$	5,707,510
b. Productive Hours			132,446.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	535,581
b. Productive Hours			21,207.00
5. Aides and Orderlies			
a. Productive Salaries	.04	$	248,530
b. Productive Hours			16,334.00
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	$	732,055
b. Productive Hours			59,177.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	2,025,085
b. Productive Hours			112,003.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	40,663
b. Productive Hours			2,627.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	$	1,491,793
b. Productive Hours	Report or Provider W/P		53,904.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		$	16,333,659
2. Productive Hours (lines 1b - 10b)			525,490.00
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		$	17,825,452
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			579,394.00

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
LA PALMA INTERCOMMUNITY HOSPITAL	HSP30580J	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	7

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
				ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS			
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	$ $ 4,448,999	$ (2,272,704)	$ $ 2,176,295
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	$ 0	$ 62,784	$ $ 62,784
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	2,135	(1,200)	935
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	122	(46)	76
5	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	300	(48)	252
6	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Noncontract	509	(173)	336
7	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Noncontract	$ $11,631,996	$ (5,377,405)	$ $ 6,254,591

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