REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS

KAISER FOUNDATION HOSPITALS – RIVERSIDE
RIVERSIDE, CALIFORNIA
PROVIDER NUMBER: HSP30686F
NATIONAL PROVIDER IDENTIFIER: 1306991211

FISCAL PERIOD ENDED
DECEMBER 31, 2008

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

Section Chief: Margaret Varho
Audit Supervisors: Felipe Avila
Auditors: Huyen Stefan

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

TOBY DOUGLAS
Director

EDMUND G. BROWN JR.
Governor

Date: January 13, 2012

Jane C. Moore
Senior Manager Finance, National Medicare Finance
Kaiser Foundation Hospitals
393 East Walnut Street, 4th Floor
Pasadena, CA 91188

PROVIDER: KAISER FOUNDATION HOSPITALS - RIVERSIDE
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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 95814-2878
(916) 355-5603

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) 440-7745

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—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: KAISER FOUNDATION HOSPITALS - RIVERSIDE
PROVIDER NO. HSP30686F
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)	$ 561,731	$	$ 561,731
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	$ 9,539	$	$ 9,539
C. Medi-Cal Inpatient Days (Adjs. 3,4)			
1. Routine (Adults & Pediatrics)	242		242
2. ICU			
3. CCU			
4. Nursery	40		40
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges ** (Adj.)	16,136	N/A	16,136
E. Total Medi-Cal Discharges** (Adj. 5)	68		68
F. Total Medi-Cal Inpatient Charges (Adj. 6)	$ 4,364,783	$	$ 4,364,783

(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: **KAISER FOUNDATION HOSPITALS - RIVERSIDE**
PROVIDER NO. **HSP30686F**
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	$	12,268,451
2. Rent and Lease Expense:	8820, and/or .75 and .76	$	4,819,908
3. Interest Expense:	8860, 8870	$	1,274,860
4. Property Taxes and License Fees:	8850 and/or .83	$	212,222
5. Utility Expense:	.77, .78, .79, and .80	$	2,636,227
6. Malpractice Insurance Expense:	8830 and/or .81	$	1,267,789
B. GROSS OPERATING EXPENSES	Sch 10, line 101, col. 3	$	332,104,011
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	63,369
2. Professional Fees	.20	$	
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	$	8,266,100
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	$	1,156,029
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	$	98,263,894
2. Employee Benefits	.10 - .19, .92, .96	$	43,861,274
3. Other Professional Fees	.21 - .29	$	
4. Purchased Services	.61 - .69	$	111,621,773
5. Supplies	.31 - .36, .93, .97	$	42,717,942
6. Other Direct Operating Expense	.85 - .90	$	

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **KAISER FOUNDATION HOSPITALS - RIVERSIDE**
PROVIDER NO. **HSP30686F**
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	$	8,083,246
b. Productive Hours			163,008.00
2. Technicians and Specialists			
a. Productive Salaries	.01	$	11,609,559
b. Productive Hours			305,382.00
3. Registered Nurses			
a. Productive Salaries	.02	$	41,095,379
b. Productive Hours			849,274.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	584,839
b. Productive Hours			24,721.00
5. Aides and Orderlies			
a. Productive Salaries	.04	$	1,697,387
b. Productive Hours			79,826.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	$	63,369
b. Productive Hours			2,705.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	$	747,172
b. Productive Hours			34,366.00
8. Environmental and Food Services			
a. Productive Salaries	.06	$	4,866,559
b. Productive Hours			277,718.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	8,459,745
b. Productive Hours			407,782.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	996,668
b. Productive Hours			56,711.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	$	20,138,240
b. Nonproductive Hours	Report or Provider W/P		451,800.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		$	78,203,923
2. Productive Hours (lines 1b - 10b)			2,201,493.00
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		$	98,342,163
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			2,653,293.00

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
KAISER FOUNDATION HOSPITALS - RIVERSIDE	HSP30686F	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	6

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	$ 392,711	$ 169,020	$ 561,731
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	$ 3,580	$ 5,959	$ 9,539
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	145	97	242
4	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	18	22	40
5	A&I-2	1	E	Total Medi-Cal Discharges - Acute - Noncontract	44	24	68
6	A&I-2	1	F	Total Medi-Cal Inpatient Charges - Noncontract	$ 3,945,287	$ 419,496	$ 4,364,783

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

FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES

PROVIDER	PROVIDER NO.	FPE
KAISER FOUNDATION HOSPITAL - RIVERSIDE	HSP30686F	December 31, 2008

SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	OTHER (EXPLAIN)	
	1	22				2			20
	2	27				1			26
	3	27		2			4		21
	4	3					2		1
TOTALS				**2**		**3**	**6**		**68**