

**APPEAL RECOMPUTATION  
OF THE AUDIT OF  
RATE DEVELOPMENT BRANCH SCHEDULES**

**KAISER FOUNDATION HOSPITAL  
SOUTH SACRAMENTO  
SACRAMENTO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1528138088**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

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

**Section Chief: Robert Kwick  
Audit Supervisor: Gary Diffenderffer  
Auditor: Jennifer A. White**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

February 25, 2013

Marilou Navarro  
Kaiser Foundation Hospitals  
393 East Walnut Street  
Pasadena, CA 91188

In the Matter of:

KAISER FOUNDATION HOSPITAL – SOUTH SACRAMENTO  
NATIONAL PROVIDER IDENTIFIER (NPI) 1528138088  
FISCAL PERIOD ENDED DECEMBER 31, 2008  
CASE NUMBER RD13-1208-053A-PP

Pursuant to the Office of Administrative Hearings and Appeals' Report of Findings dated October 18, 2012, the following revisions are made to the Medi-Cal audit report dated May 31, 2012.

SUMMARY OF REVISIONS

<u>MEDI-CAL NET COST OF COVERED SERVICES</u>	
Audited Net Cost of Covered Services	\$ 2,431,956
Revision	(27,644)
Revised Net Cost of Covered Services	\$ <u>2,404,312</u>
<u>TOTAL MEDI-CAL INPATIENT CHARGES</u>	
Audited Total Medi-Cal Inpatient Charges	\$ 1,788,611
Revision	<u>2,335,846</u>
Revised Total Medi-Cal Inpatient Charges	\$ <u>4,124,457</u>

Enclosed is the revised Rate Development Branch Worksheet and supporting schedules detailing the results of the recomputation.

Marilou Navarro  
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If you have any questions regarding this report, you may call the Audits Section – Sacramento at (916) 650-6994.

**Original Signed By**

Robert Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO  
**NPI** 152813088  
**FISCAL PERIOD** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD**

	Noncontract Cost Services	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 (Schedule 1, Line 1) (Rev 1)	\$ 2,404,312	\$	\$ 2,404,312
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Rev )	\$ 1,219	\$	\$ 1,219
C. Medi-Cal Inpatient Days (Rev ) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	491		491
2. ICU	111		111
3. CCU			
4. Nursery	35		35
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges *** (Rev 2)	N/A	N/A	11,965
E. Total Medi-Cal Discharges*** (Rev )	178		178
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Rev 3)	\$ 4,124,457	\$	\$ 4,124,457

\* Data for NF or Administrative Days are not included.

\*\* The Audited Net Cost of Covered Services is Net of Deductibles and Coinsurance and is from a source different than used on the filed report.

\*\*\* Data for newborns that were born in the hospital are not included.

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO</b>
<b>NPI</b>	<b>152813088</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2008 THROUGH DECEMBER 31, 2008</b>
<b>CONTRACT PERIOD</b>	

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense: (Rev )	8810 - 8813, and/or .71, .72, .73 and .74	\$	10,896,885
2. Rent and Lease Expense: (Rev )	8820-8822, and/or .75 and .76	\$	3,875,152
3. Interest Expense: (Rev )	8860, 8870	\$	734,358
4. Property Taxes and License Fees: (Rev )	8850 and/or .83	\$	163,799
5. Utility Expense: (Rev )	.77, .78, .79, and .80	\$	2,724,618
6. Malpractice Insurance Expense: (Rev )	8830 and/or .81	\$	740,018
<b>B. GROSS OPERATING EXPENSES</b> (Rev 4)	Sch 10, line 101, col. 3	\$	241,265,015
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Rev )	.07, 8210.09 - 8290.09	\$	977,190
2. Professional Fees (Rev )	.20	\$	
<b>D. PHARMACY NONLABOR EXPENSE</b> (Rev )	8390.37 and 8390.38	\$	4,103,242
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Rev )	8320, 8330 and 8340 and/or .42 and .43	\$	762,601
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	92,599,921
2. Employee Benefits	.10 - .19, .92, .96	\$	36,712,436
3. Other Professional Fees	.21 - .29	\$	10,275
4. Purchased Services	.61 - .69	\$	74,102,088
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	11,460,061
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO</b>
<b>NPI</b>	<b>152813088</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2008 THROUGH DECEMBER 31, 2008</b>
<b>CONTRACT PERIOD</b>	

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Rev )			
a. Productive Salaries	.00	\$	9,367,353
b. Productive Hours			153,233.00
2. Technicians and Specialists (Rev )			
a. Productive Salaries	.01	\$	4,979,054
b. Productive Hours			117,289.00
3. Registered Nurses (Rev )			
a. Productive Salaries	.02	\$	44,109,118
b. Productive Hours			738,515.00
4. Licensed Vocational Nurses (Rev )			
a. Productive Salaries	.03	\$	395,663
b. Productive Hours			11,845.00
5. Aides and Orderlies (Rev )			
a. Productive Salaries	.04	\$	2,993,956
b. Productive Hours			131,118.00
6. Physicians (Salaried) (Rev )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Rev )			
a. Productive Salaries	.08	\$	74,762
b. Productive Hours			4,199.00
8. Environmental and Food Services (Rev )			
a. Productive Salaries	.06	\$	
b. Productive Hours			
9. Clerical and Other Administrative (Rev )			
a. Productive Salaries	.05	\$	5,690,310
b. Productive Hours			242,229.00
10. Other Salaries and Wages (Rev )			
a. Productive Salaries	.09	\$	14,929,554
b. Productive Hours			514,387.00
11. All Nonproductive Salaries and Wages (Rev )			
a. Nonproductive Salaries	Labor Distribution	\$	10,060,152
b. Nonproductive Hours	Report or Provider W/P		220,314.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>82,539,770</u>
2. Productive Hours (lines A1b - A10b)			<u>1,912,815.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>92,599,922</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,133,129.00</u></b>

Provider Name				Fiscal Period		NPI	Revisions
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		1528138088	4
Report References				Explanation of Audit Revisions	Adjusted	Increase (Decrease)	Revised
Rev No.	Revised Report Page	RD Schedule Page Line					
<b><u>REVISIONS TO RATE DEVELOPMENT SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 2,431,956	\$ (27,644)	\$ 2,404,312
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 1,219	\$	\$ 1,219
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	491		491
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	111		111
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	35		35
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Contract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Contract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Contract			

Provider Name				Fiscal Period	NPI	Revisions	
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	1528138088	4	
Report References				Explanation of Audit Revisions	Adjusted	Increase (Decrease)	Revised
Rev No.	Revised Report Page	RD Schedule Page Line					
2	1	3	D	Total Hospital Discharges	11,819	146	11,965
	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	178		178
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
3	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,788,611	\$ 2,335,846	\$ 4,124,457
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 10,896,885	\$	\$ 10,896,885
	2	4	A 2	Rent and Lease Expense	\$ 3,875,152	\$	\$ 3,875,152
	2	4	A 3	Interest Expense	\$ 734,358	\$	\$ 734,358
	2	4	A 4	Property Taxes and License Fees	\$ 163,799	\$	\$ 163,799
	2	4	A 5	Utility Expense	\$ 2,724,618	\$	\$ 2,724,618
	2	4	A 6	Malpractice Insurance Expense	\$ 740,018	\$	\$ 740,018
4	2	4	B	Gross Operating Expenses	\$ 242,195,480	\$ (930,465)	\$ 241,265,015
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 977,190	\$	\$ 977,190
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 4,103,242	\$	\$ 4,103,242

Provider Name				Fiscal Period		NPI	Revisions
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		1528138088	4
Report References				Explanation of Audit Revisions	Adjusted	Increase (Decrease)	Revised
Rev No.	Revised Report Page	RD Schedule Page Line					
2	4	E		Food Services Nonlabor Expense	\$ 762,601	\$	\$ 762,601
2	4	F 1		Direct Operating—Salaries and Wages	\$ 92,599,921	\$	\$ 92,599,921
2	4	F 2		Direct Operating—Employee Benefits	\$ 36,712,436	\$	\$ 36,712,436
2	4	F 3		Direct Operating—Other Professional Fees	\$ 10,275	\$	\$ 10,275
2	4	F 4		Direct Operating—Purchased Services	\$ 74,102,088	\$	\$ 74,102,088
2	4	F 5		Direct Operating—Supplies	\$ 11,460,061	\$	\$ 11,460,061
2	4	F 6		Direct Operating—Other Direct Operating Expense	\$	\$	\$
3	5	A 1 a		Management and Supervision—Productive Salaries	\$ 9,367,353	\$	\$ 9,367,353
3	5	A 1 b		Management and Supervision—Productive Hours	153,233		153,233
3	5	A 2 a		Technicians and Specialists—Productive Salaries	\$ 4,979,054	\$	\$ 4,979,054
3	5	A 2 b		Technicians and Specialists—Productive Hours	117,289		117,289
3	5	A 3 a		Registered Nurses—Productive Salaries	\$ 44,109,118	\$	\$ 44,109,118
3	5	A 3 b		Registered Nurses—Productive Hours	738,515		738,515
3	5	A 4 a		Licensed Vocational Nurses—Productive Salaries	\$ 395,663	\$	\$ 395,663
3	5	A 4 b		Licensed Vocational Nurses—Productive Hours	11,845		11,845
3	5	A 5 a		Aides and Orderlies—Productive Salaries	\$ 2,993,956	\$	\$ 2,993,956
3	5	A 5 b		Aides and Orderlies—Productive Hours	131,118		131,118

Provider Name				Fiscal Period	NPI	Revisions	
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	1528138088	4	
Report References				Explanation of Audit Revisions	Adjusted	Increase (Decrease)	Revised
Rev No.	Revised Report Page	RD Schedule Page Line					
3	5	A 6 a	Physicians (Salaried)—Productive Salaries	\$	\$	\$	
3	5	A 6 b	Physicians (Salaried)—Productive Hours				
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 74,762	\$	\$ 74,762	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	4,199		4,199	
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$	\$	\$	
3	5	A 8 b	Environmental and Food Services—Productive Hours				
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 5,690,310	\$	\$ 5,690,310	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	242,229		242,229	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 14,929,554	\$	\$ 14,929,554	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	514,387		514,387	
3	5	A 11	Nonproductive Salaries and Wages	\$ 10,060,152	\$	\$ 10,060,152	
3	5	A 11	Nonproductive Hours	220,314		220,314	
3	5	B 1	Subtotal Productive Salaries	\$ 82,539,769	\$	\$ 82,539,769	
3	5	B 2	Subtotal Productive Hours	1,912,814		1,912,814	
3	5	C	Total Productive and Nonproductive Salaries	\$ 92,599,922	\$	\$ 92,599,922	
3	5	D	Total Productive and Nonproductive Hours	2,133,129		2,133,129	
To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536							