

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

**MILLS PENINSULA MEDICAL CENTER  
MILLBRAE, CALIFORNIA  
PROVIDER NUMBER: HSP30007G  
NPI NUMBER: 1518937051**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

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

**Section Chief: Louise Wong  
Audit Supervisor: Jesse Duran  
Auditors: Maria Bernardez and John Uribe**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

November 4, 2011

Celia Lung  
Reimbursement Manager  
Mills Peninsula Health Services  
1635 Rollins Road  
Burlingame, CA 94010

PROVIDER: MILLS PENINSULA MEDICAL CENTER  
PROVIDER NUMBER: HSP30007G  
NPI NUMBER: 1518937051  
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](http://www.oal.ca.gov).

If you disagree with the decision of the Department, you may appeal by writing to:

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

Celia Lung  
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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  
P.O. 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** MILLS PENINSULA MEDICAL CENTER  
**PROVIDER NO.** HSP30007G  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:**

	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)	\$ 3,361,491		\$ 0		\$ 3,361,491
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 23,267		\$ 0		\$ 23,267
C. Medi-Cal Inpatient Days (Adjs. 3-5)					
1. Routine (Adults & Pediatrics)	1,087		0		1,087
2. ICU	97		0		97
3. CCU					
4. Nursery	629		0		629
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. 6)	N/A		N/A		13,501
E. Total Medi-Cal Discharges (Adj. 7)	337		0		337
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 14,126,715		\$ 0		\$ 14,126,715

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** MILLS PENINSULA MEDICAL CENTER  
**PROVIDER NO.** HSP30007G  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:**

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	22,439,264
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	6,435,181
3. Interest Expense:	8860, 8870	\$	6,373,872
4. Property Taxes and License Fees:	8850 and/or .83	\$	1,184,716
5. Utility Expense:	.77, .78, .79, and .80	\$	5,158,245
6. Malpractice Insurance Expense:	8830 and/or .81	\$	3,158,744
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 400,845,803
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	6,519,166
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 13,165,216
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,797,188
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	143,868,439
2. Employee Benefits	.10 - .19, .92, .96	\$	79,361,910
3. Other Professional Fees	.21 - .29	\$	9,896,620
4. Purchased Services	.61 - .69	\$	58,277,486
5. Supplies	.31 - .36, .93, .97	\$	41,903,803
6. Other Direct Operating Expense	.85 - .90	\$	1,305,953

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** MILLS PENINSULA MEDICAL CENTER  
**PROVIDER NO.** HSP30007G  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:**

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	14,816,115
b. Productive Hours			292,360
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	33,379,550
b. Productive Hours			791,410
3. Registered Nurses			
a. Productive Salaries	.02	\$	57,787,780
b. Productive Hours			974,216
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,599,480
b. Productive Hours			47,672
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	12,896,051
b. Productive Hours			550,868
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	107,743
b. Productive Hours			2,066
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	5,504,936
b. Productive Hours			220,231
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	16,963,863
b. Productive Hours			684,938
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,049,105
b. Productive Hours			8,063
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	25,298,248
b. Productive Hours	Report or Provider W/P		532,441
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>144,104,623</u>
2. Productive Hours (lines 1b - 10b)			<u>3,571,824</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>169,402,871</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>4,104,265</u></b>

**AUDIT ADJUSTMENTS**

Provider: MILLS PENINSULA MEDICAL CENTER				Provider No. HSP30007G	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 40	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u></b>							
1	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 3,299,593	\$ 61,898	\$ 3,361,491
	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$ 0	\$ 0	\$ 0
2	DHS 3094	1	B	Deductibles and Coinsurance - Noncontract	\$ 0	\$ 23,267	\$ 23,267
	DHS 3094	1	B	Deductibles and Coinsurance - Contract	\$ 0	\$ 0	\$ 0
3	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	947	140	1,087
	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract	0	0	0
4	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	77	20	97
	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Contract	0	0	0
	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Noncontract	0	0	0
	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Contract	0	0	0
5	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	578	51	629
	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract	0	0	0
	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	0	0	0
	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Contract	0	0	0
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Noncontract	0	0	0
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Contract	0	0	0

## AUDIT ADJUSTMENTS

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	1	C-6b	Medi-Cal Inpatient Days - _____ Noncontract	0	0	0
	DHS 3094	1	C-6b	Medi-Cal Inpatient Days - _____ Contract	0	0	0
6	DHS 3094	1	D	Total Hospital Discharges	0	13,501	13,501
7	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Noncontract	351	(14)	337
	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Contract	0	0	0
8	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 16,188,189	\$ (2,061,474)	\$ 14,126,715
	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Contract	\$ 0	\$ 0	\$ 0
	DHS 3094	2	A-1	Depreciation Expense	\$ 22,439,264	\$ 0	\$ 22,439,264
	DHS 3094	2	A-2	Rent and Lease Expense	\$ 6,435,181	\$ 0	\$ 6,435,181
	DHS 3094	2	A-3	Interest Expense	\$ 6,373,872	\$ 0	\$ 6,373,872
	DHS 3094	2	A-4	Property Taxes and License Fees	\$ 1,184,716	\$ 0	\$ 1,184,716
	DHS 3094	2	A-5	Utility Expenses	\$ 5,158,245	\$ 0	\$ 5,158,245
	DHS 3094	2	A-6	Malpractice Insurance Expense	\$ 3,158,744	\$ 0	\$ 3,158,744
9	DHS 3094	2	B	Gross Operating Expenses	\$ 390,129,131	\$ 10,716,672	\$ 400,845,803
	DHS 3094	2	C-1	Student and Physician Salaries	\$ 0	\$ 0	\$ 0

## AUDIT ADJUSTMENTS

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
10	DHS 3094	2	C-2	Professional Fees	\$ 8,826,642	\$ (2,307,476)	\$ 6,519,166
11	DHS 3094	2	D	Pharmacy Nonlabor Expense	\$ 2,220,929	\$ 10,944,287	\$ 13,165,216
12	DHS 3094	2	E	Food Services Nonlabor Expense	\$ 1,904,053	\$ (106,865)	\$ 1,797,188
13	DHS 3094	2	F-1	Direct Operating - Salaries and Wages	\$ 169,288,679	\$ (25,420,240)	\$ 143,868,439
14	DHS 3094	2	F-2	Direct Operating - Employee Benefits	\$ 43,061,669	\$ 36,300,241	\$ 79,361,910
15	DHS 3094	2	F-3	Direct Operating - Other Professional Fees	\$ 17,594,188	\$ (7,697,568)	\$ 9,896,620
16	DHS 3094	2	F-4	Direct Operating - Purchased Services	\$ 45,514,574	\$ 12,762,912	\$ 58,277,486
17	DHS 3094	2	F-5	Direct Operating - Supplies	\$ 56,968,375	\$ (15,064,572)	\$ 41,903,803
18	DHS 3094	2	F-6	Other Direct Operating Expense	\$ 0	\$ 1,305,953	\$ 1,305,953
19	DHS 3094	3	A-1-a	Productive Salaries - Management and Supervision	\$ 15,724,076	\$ (907,961)	\$ 14,816,115
20	DHS 3094	3	A-1-b	Productive Hours	316,754	(24,394)	292,360
21	DHS 3094	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 33,115,754	\$ 263,796	\$ 33,379,550
22	DHS 3094	3	A-2-b	Productive Hours	785,024	6,386	791,410
23	DHS 3094	3	A-3-a	Productive Salaries - Registered Nurses	\$ 57,330,691	\$ 457,089	\$ 57,787,780
24	DHS 3094	3	A-3-b	Productive Hours	966,356	7,860	974,216

## AUDIT ADJUSTMENTS

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
25	DHS 3094	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 1,586,839	\$ 12,641	\$ 1,599,480
26	DHS 3094	3	A-4-b	Productive Hours	47,287	385	47,672
27	DHS 3094	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 12,794,135	\$ 101,916	\$ 12,896,051
28	DHS 3094	3	A-5-b	Productive Hours	546,423	4,445	550,868
	DHS 3094	3	A-6-a	Productive Salaries - Physicians (Salaried)	\$ 0	\$ 0	\$ 0
	DHS 3094	3	A-6-b	Productive Hours	0	0	0
29	DHS 3094	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 106,592	\$ 1,151	\$ 107,743
30	DHS 3094	3	A-7-b	Productive Hours	2,049	17	2,066
31	DHS 3094	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 5,461,431	\$ 43,505	\$ 5,504,936
32	DHS 3094	3	A-8-b	Productive Hours	218,454	1,777	220,231
33	DHS 3094	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 16,829,799	\$ 134,064	\$ 16,963,863
34	DHS 3094	3	A-9-b	Productive Hours	679,412	5,526	684,938
35	DHS 3094	3	A-10-a	Productive Salaries - Other	\$ 1,040,814	\$ 8,291	\$ 1,049,105
36	DHS 3094	3	A-10-b	Productive Hours	7,998	65	8,063

**AUDIT ADJUSTMENTS**

Provider: MILLS PENINSULA MEDICAL CENTER				Provider No. HSP30007G	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 40	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 25,298,248	\$ 0	\$ 25,298,248
	N/A	N/A	A-11-b	Nonproductive Hours	532,441	0	532,441
37	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 143,990,431	\$ 114,192	\$ 144,104,623
38	N/A	N/A	B 2	Subtotal Productive Hours	3,569,758	2,066	3,571,824
39	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 169,288,679	\$ 114,192	\$ 169,402,871
40	N/A	N/A	D	Total Productive and Nonproductive Hours	4,102,199	2,066	4,104,265

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**

<b>PROVIDER</b> MILLS PENINSULA MEDICAL CENTER	<b>PROVIDER NO.</b> HSP30007G	<b>FPE</b> DECEMBER 31, 2008
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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)	
January 2008		29	2	0	0	0	0	0	27
February 2008		30	0	0	0	1	0	0	29
March 2008		32	0	0	0	1	0	0	31
April 2008		37	1	0	0	0	0	0	36
May 2008		30	0	0	0	0	0	0	30
June 2008		25	1	0	0	0	0	0	24
July 2008		24	0	0	0	1	0	0	23
August 2008		32	0	0	0	1	0	0	31
September 2008		28	0	0	0	3	0	0	25
October 2008		30	1	2	0	0	0	0	27
November 2008		31	0	0	0	1	0	0	30
December 2008		28	2	0	0	0	2	0	24
									0
									0
<b>TOTALS</b>			<b>7</b>	<b>2</b>	<b>0</b>	<b>8</b>	<b>2</b>	<b>0</b>	<b>337</b>