

**REPORT  
ON THE AUDIT OF  
RATE DEVELOPMENT BRANCH SCHEDULES  
KAISER FOUNDATION HOSPITALS – HARBOR CITY  
HARBOR CITY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1336294040  
FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Cyrus C. Lam  
Auditor: Nancy Nguyen**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

February 7, 2012

Jonathan Cullen  
Interim Director  
Kaiser Foundation Hospitals  
National Medicare Finance, 4<sup>th</sup> Floor  
393 East Walnut Street  
Pasadena, CA 91188

PROVIDER: KAISER FOUNDATION HOSPITALS – HARBOR CITY  
NATIONAL PROVIDER IDENTIFIER: 133629040  
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 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](http://www.oal.ca.gov).

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

Jonathan Cullen  
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Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814  
(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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

cc: Judith H. Morrow  
Senior Reimbursement Analyst  
Kaiser Foundation Hospitals  
National Medicare Finance, 4<sup>th</sup> Floor  
393 East Walnut Street  
Pasadena, CA 91188

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** KAISER FOUNDATION HOSPITALS-HARBOR CITY  
**NPI** 1336294040  
**FISCAL PERIOD** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD** N/A

	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) (Adj 1)	\$ 1,445,988		\$		\$ 1,445,988
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 3,783		\$		\$ 3,783
C. Medi-Cal Inpatient Days (Adjs 3-5) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	314				314
2. ICU					
3. CCU	150				150
4. Nursery	32				32
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj 6)	N/A		N/A		12,494
E. Total Medi-Cal Discharges** (Adj 7)		95			95
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 8)	\$ 936,637		\$		\$ 936,637

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

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

## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITALS-HARBOR CITY</b>
<b>NPI</b>	<b>1336294040</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2008 THROUGH DECEMBER 31, 2008</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	<u>REFERENCE</u>	
<b>A. EXPENSE PASS-THROUGH DATA</b>		
1. Depreciation Expense: (Adj )	8810 - 8813, and/or .71, .72, .73 and .74	\$ 15,972,042
2. Rent and Lease Expense: (Adj )	8820-8822, and/or .75 and .76	\$ 4,939,571
3. Interest Expense: (Adj )	8860, 8870	\$ 971,898
4. Property Taxes and License Fees: (Adj )	8850 and/or .83	\$ 204,400
5. Utility Expense: (Adj )	.77, .78, .79, and .80	\$ 2,765,687
6. Malpractice Insurance Expense: (Adj )	8830 and/or .81	\$ 954,140
<b>B. GROSS OPERATING EXPENSES</b> (Adj 9)	Sch 10, line 101, col. 3	<b>\$ 273,861,975</b>
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>		
1. Salaries and Wages (include benefits) (Adj )	.07, 8210.09 - 8290.09	\$ 338,437
2. Professional Fees (Adj )	.20	\$
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj )	8390.37 and 8390.38	<b>\$ 4,991,734</b>
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj )	8320, 8330 and 8340 and/or .42 and .43	<b>\$ 873,392</b>
<b>F. DIRECT OPERATING COSTS</b>		
1. Salaries and Wages	.00 - .09, .91, .95	\$ 83,053,136
2. Employee Benefits	.10 - .19, .92, .96	\$ 36,869,795
3. Other Professional Fees	.21 - .29	\$ 104,761
4. Purchased Services	.61 - .69	\$ 112,092,426
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 29,217,453

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITALS-HARBOR CITY</b>
<b>NPI</b>	<b>1336294040</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2008 THROUGH DECEMBER 31, 2008</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj )			
a. Productive Salaries	.00	\$	7,304,248
b. Productive Hours			156,086.00
2. Technicians and Specialists (Adj )			
a. Productive Salaries	.01	\$	8,690,602
b. Productive Hours			197,929.00
3. Registered Nurses (Adj )			
a. Productive Salaries	.02	\$	31,479,418
b. Productive Hours			673,926.00
4. Licensed Vocational Nurses (Adj )			
a. Productive Salaries	.03	\$	682,255
b. Productive Hours			23,448.00
5. Aides and Orderlies (Adj )			
a. Productive Salaries	.04	\$	2,901,437
b. Productive Hours			155,160.00
6. Physicians (Salaried) (Adj )			
a. Productive Salaries	.07	\$	338,437
b. Productive Hours			13,450.00
7. Nonphysician Medical Practitioners (Adj )			
a. Productive Salaries	.08	\$	39,443
b. Productive Hours			662.00
8. Environmental and Food Services (Adj )			
a. Productive Salaries	.06	\$	5,229,214
b. Productive Hours			286,743.00
9. Clerical and Other Administrative (Adj )			
a. Productive Salaries	.05	\$	8,906,835
b. Productive Hours			398,896.00
10. Other Salaries and Wages (Adj )			
a. Productive Salaries	.09	\$	2,103,768
b. Productive Hours			112,391.00
11. All Nonproductive Salaries and Wages (Adj )			
a. Nonproductive Salaries	Labor Distribution	\$	15,715,916
b. Nonproductive Hours	Report or Provider W/P		369,280.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>67,675,657</u>
2. Productive Hours (lines A1b - A10b)			<u>2,018,691.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>83,391,573</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,387,971.00</u></b>



Provider Name		Fiscal Period		NPI	Adjustments	
KAISER FOUNDATION HOSPITALS-HARBOR CITY		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		1336294040	9	
Report References			Reported	Increase (Decrease)	Adjusted	
Adj. No.	Audit Report Page	RD Schedule Page Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u></b>						
1	1	3	A Medi-Cal Net Cost of Covered Services—Noncontract	\$ 707,878	\$ 738,110	\$ 1,445,988
2	1	3	B Deductibles and Coinsurance—Noncontract	\$ 2,476	\$ 1,307	\$ 3,783
3	1	3	C 1 Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	180	134	314
4	1	3	C 3 Medi-Cal Inpatient Days—CCU—Noncontract	15	135	150
5	1	3	C 4 Medi-Cal Inpatient Days—Nursery—Noncontract	11	21	32
6	1	3	D Total Hospital Discharges	12,015	479	12,494
7	1	3	E Total Medi-Cal Discharges—Acute—Noncontract	66	29	95
8	1	3	F Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,106,556	\$ (169,919)	\$ 936,637
9	2	4	B Gross Operating Expenses	\$ 311,408,690	\$ (37,546,715)	\$ 273,861,975
<p>To adjust the Rate Development Schedules to agree with acute audit adjustments and provider's records.                      CCR, Title 22, Section 51536</p>						