

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

**ST. JOSEPH HOSPITAL - EUREKA
EUREKA, CALIFORNIA
PROVIDER NUMBER: ZZR00006F AND
NPI NUMBER: 1609858950**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

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

**Section Chief: Louise Wong
Audit Supervisor: Diana Dong
Auditor: Yasuhiro Doi**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 24, 2011

Ron Yaw
Regional Controller
St. Joseph Healthcare System – Humboldt County
2700 Dolbeer Street,
Eureka, CA 95501

PROVIDER: ST. JOSEPH HOSPITAL - EUREKA
PROVIDER NUMBER: ZZR00006F
NPI NUMBER: 1609858950
FISCAL PERIOD ENDED JUNE 30, 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.

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

Ron Yaw
Page 2

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: ST. JOSEPH HOSPITAL - EUREKA
PROVIDER NO. ZZR00006F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008

	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)	\$ 13,457,356		\$ 0		\$ 13,457,356
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 411,822		\$ 0		\$ 411,822
C. Medi-Cal Inpatient Days (Adjs. 3 - 5)					
1. Routine (Adults & Pediatrics)	4,838		0		4,838
2. ICU	429		0		429
3. CCU					
4. Nursery	1,607		0		1,607
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj.)	N/A		N/A		5,973
E. Total Medi-Cal Discharges (Adj. 6)	1,297		0		1,297
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 53,012,972		\$ 0		\$ 53,012,972

RATE DEVELOPMENT WORKSHEETS

PROVIDER: ST. JOSEPH HOSPITAL - EUREKA
PROVIDER NO. ZZR00006F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD:

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	8,187,905
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	3,747,204
3. Interest Expense:	8860, 8870	\$	2,165,565
4. Property Taxes and License Fees:	8850 and/or .83	\$	351,966
5. Utility Expense:	.77, .78, .79, and .80	\$	2,192,477
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,540,899
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 142,052,058
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	8,769,333
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 4,766,384
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,565,841
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	42,480,070
2. Employee Benefits	.10 - .19, .92, .96	\$	21,228,859
3. Other Professional Fees	.21 - .29	\$	8,162,073
4. Purchased Services	.61 - .69	\$	15,317,187
5. Supplies	.31 - .36, .93, .97	\$	19,788,305
6. Other Direct Operating Expense	.85 - .90	\$	1,787,990

RATE DEVELOPMENT WORKSHEETS

PROVIDER: ST. JOSEPH HOSPITAL - EUREKA
PROVIDER NO. ZZR00006F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD:

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	7,700,091
b. Productive Hours			173,266
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,020,349
b. Productive Hours			262,778
3. Registered Nurses			
a. Productive Salaries	.02	\$	15,248,514
b. Productive Hours			403,209
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	90,369
b. Productive Hours			3,603
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,562,358
b. Productive Hours			158,587
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	727,723
b. Productive Hours			9,706
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	1,840,190
b. Productive Hours			132,435
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	4,374,894
b. Productive Hours			272,841
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	0
b. Productive Hours			0
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	6,389,211
b. Productive Hours	Report or Provider W/P		172,446
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>42,564,488</u>
2. Productive Hours (lines 1b - 10b)			<u>1,416,425</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>48,953,699</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>1,588,871</u>

AUDIT ADJUSTMENTS

Provider: ST. JOSEPH HOSPITAL - EUREKA				Provider No. ZZR00006F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 30	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>							
1	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 12,921,380	\$ 535,976	\$ 13,457,356
	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Contract			
2	DHS 3094	1	B	Deductibles and Coinsurance - Noncontract	\$ 310,148	\$ 101,674	\$ 411,822
	DHS 3094	1	B	Deductibles and Coinsurance - Contract			
3	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	4,604	234	4,838
	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract			
4	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	390	39	429
	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Contract			
	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Noncontract			
	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Contract			
5	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	1,492	115	1,607
	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract			
	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract			
	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Contract			
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Noncontract			
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Contract			

AUDIT ADJUSTMENTS

Provider: ST. JOSEPH HOSPITAL - EUREKA				Provider No. ZZR00006F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 30	
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			
	DHS 3094	1	C-6b	Medi-Cal Inpatient Days - _____ Contract			
	DHS 3094	1	D	Total Hospital Discharges	5,973	0	5,973
6	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Noncontract	1,296	1	1,297
	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Contract			
7	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 49,352,702	\$ 3,660,270	\$ 53,012,972
	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Contract			
8	DHS 3094	2	A-1	Depreciation Expense	\$ 8,187,904	\$ 1	\$ 8,187,905
	DHS 3094	2	A-2	Rent and Lease Expense	\$ 3,747,204	\$ 0	\$ 3,747,204
9	DHS 3094	2	A-3	Interest Expense	\$ 2,165,564	\$ 1	\$ 2,165,565
10	DHS 3094	2	A-4	Property Taxes and License Fees	\$ 166,722	\$ 185,244	\$ 351,966
11	DHS 3094	2	A-5	Utility Expenses	\$ 2,192,476	\$ 1	\$ 2,192,477
	DHS 3094	2	A-6	Malpractice Insurance Expense	\$ 1,540,899	\$ 0	\$ 1,540,899
	DHS 3094	2	B	Gross Operating Expenses	\$ 142,052,058	\$ 0	\$ 142,052,058
	DHS 3094	2	C-1	Student and Physician Salaries			

AUDIT ADJUSTMENTS

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	2	C-2	Professional Fees	\$ 8,769,333	\$ 0	\$ 8,769,333
12	DHS 3094	2	D	Pharmacy Nonlabor Expense	\$ 3,170,640	\$ 1,595,744	\$ 4,766,384
13	DHS 3094	2	E	Food Services Nonlabor Expense	\$ 805,753	\$ 760,088	\$ 1,565,841
14	DHS 3094	2	F-1	Direct Operating - Salaries and Wages	\$ 43,659,627	\$ (1,179,557)	\$ 42,480,070
15	DHS 3094	2	F-2	Direct Operating - Employee Benefits	\$ 20,049,302	\$ 1,179,557	\$ 21,228,859
16	DHS 3094	2	F-3	Direct Operating - Other Professional Fees	\$ 8,162,075	\$ (2)	\$ 8,162,073
17	DHS 3094	2	F-4	Direct Operating - Purchased Services	\$ 15,317,189	\$ (2)	\$ 15,317,187
18	DHS 3094	2	F-5	Direct Operating - Supplies	\$ 22,144,136	\$ (2,355,831)	\$ 19,788,305
19	DHS 3094	2	F-6	Other Direct Operating Expense	\$ 0	\$ 1,787,990	\$ 1,787,990
20	DHS 3094	3	A-1-a	Productive Salaries - Management and Supervision	\$ 7,892,173	\$ (192,082)	\$ 7,700,091
	DHS 3094	3	A-1-b	Productive Hours	173,266	0	173,266
21	DHS 3094	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 9,805,933	\$ 214,416	\$ 10,020,349
	DHS 3094	3	A-2-b	Productive Hours	262,778	0	262,778
22	DHS 3094	3	A-3-a	Productive Salaries - Registered Nurses	\$ 15,364,588	\$ (116,074)	\$ 15,248,514
	DHS 3094	3	A-3-b	Productive Hours	403,209	0	403,209

AUDIT ADJUSTMENTS

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Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
23	DHS 3094	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 90,057	\$ 312	\$ 90,369
	DHS 3094	3	A-4-b	Productive Hours	3,603	0	3,603
24	DHS 3094	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 2,578,061	\$ (15,703)	\$ 2,562,358
	DHS 3094	3	A-5-b	Productive Hours	158,587	0	158,587
	DHS 3094	3	A-6-a	Productive Salaries - Physicians (Salaried)			
	DHS 3094	3	A-6-b	Productive Hours			
25	DHS 3094	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 728,617	\$ (894)	\$ 727,723
	DHS 3094	3	A-7-b	Productive Hours	9,706	0	9,706
26	DHS 3094	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 1,843,994	\$ (3,804)	\$ 1,840,190
	DHS 3094	3	A-8-b	Productive Hours	132,435	0	132,435
27	DHS 3094	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 4,230,877	\$ 144,017	\$ 4,374,894
	DHS 3094	3	A-9-b	Productive Hours	272,841	0	272,841
	DHS 3094	3	A-10-a	Productive Salaries - Other			
	DHS 3094	3	A-10-b	Productive Hours			

AUDIT ADJUSTMENTS

Provider: ST. JOSEPH HOSPITAL - EUREKA				Provider No. ZZR00006F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 30	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
28	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 7,512,953	\$ (1,123,742)	\$ 6,389,211
	N/A	N/A	A-11-b	Nonproductive Hours	172,446	0	172,446
29	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 42,534,299	\$ (54,229)	\$ 42,480,070
	N/A	N/A	B 2	Subtotal Productive Hours	1,416,425	0	1,416,425
30	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 50,047,253	\$ (1,177,972)	\$ 48,869,281
	N/A	N/A	D	Total Productive and Nonproductive Hours	1,588,871	0	1,588,871

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

