

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

**SADDLEBACK MEMORIAL MEDICAL CENTER
LAGUNA HILLS, CALIFORNIA
PROVIDER NUMBER: ZZT30603F
NATIONAL PROVIDER NUMBER: 1275776381**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Mineo Gonzalez**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: November 16, 2011

Donna Anglin
Executive Director Corporate Reimbursement
Memorial Health Services
17360 Brookhurst Street
Fountain Valley, CA 92708

PROVIDER: SADDLEBACK MEMORIAL MEDICAL CENTER
PROVIDER NO. ZZT30603F
NATIONAL PROVIDER IDENTIFIER: 1275576381
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.

Donna Anglin
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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) 322-5603

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) 440-7700

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—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: SADDLEBACK MEMORIAL MEDICAL CERNTER
PROVIDER NO. ZZT30603F
NPI NO. 1275576381
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD: N/A

	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)	\$ 1,647,686	\$		\$	1,647,686
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 27,467	\$		\$	27,467
C. Medi-Cal Inpatient Days (Adj. 3,4,5)					
1. Routine (Adults & Pediatrics)	709				709
2. ICU	42				42
3. CCU					
4. Nursery	349				349
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj. 6)	N/A		N/A		18,246
E. Total Medi-Cal Discharges** (Adj. 7)	236				236
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 5,823,719	\$		\$	5,823,719

(The previous Section D. Average Per Diem was eliminated. 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: SADDLEBACK MEMORIAL MEDICAL CERENTER
PROVIDER NO. ZZT30603F
NPI NO. 1275576381
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD: N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	12,836,368
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	8,158,981
3. Interest Expense:	8860, 8870	\$	79,975
4. Property Taxes and License Fees:	8850 and/or .83	\$	733,589
5. Utility Expense:	.77, .78, .79, and .80	\$	3,305,884
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,596,625
B. GROSS OPERATING EXPENSES	W/S A, line 101, col. 3	\$	314,257,670
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	300
2. Professional Fees	.20	\$	3,295,944
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	9,108,073
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	1,936,558
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	114,491,623
2. Employee Benefits	.10 - .19, .92, .96	\$	38,711,056
3. Other Professional Fees	.21 - .29	\$	10,877,611
4. Purchased Services	.61 - .69	\$	45,756,026
5. Supplies	.31 - .36, .93, .97	\$	42,139,520
6. Other Direct Operating Expense	.85 - .90	\$	0

RATE DEVELOPMENT WORKSHEETS

PROVIDER: SADDLEBACK MEMORIAL MEDICAL CERENTER
PROVIDER NO. ZZT30603F
NPI NO. 1275576381
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	\$10,307,462
b. Productive Hours			212,664
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	\$28,507,515
b. Productive Hours			894,749
3. Registered Nurses			
a. Productive Salaries	.02	\$	\$44,775,771
b. Productive Hours			1,052,142
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	\$314,483
b. Productive Hours			12,852
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	\$5,032,606
b. Productive Hours			288,390
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	\$300
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	0
b. Productive Hours			0
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	\$5,206,390
b. Productive Hours			391,899
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	\$14,142,326
b. Productive Hours			767,960
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	\$6,205,656
b. Productive Hours			\$201,329
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	12,154,878
b. Productive Hours	Report or Provider W/P		380,826.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>114,492,509</u>
2. Productive Hours (lines 1b - 10b)			<u>3,821,985</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>126,647,387</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>4,202,811</u>

AUDIT ADJUSTMENTS

Provider:		Provider No.	Fiscal Period:		No. of Adjs:	
SADDLEBACK MEMORIAL MEDICAL CERENTER		ZZT30603F / NPI 1275576381	JULY 1, 2007 THROUGH JUNE 30, 2008		8	
Report Reference			Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page Line				
1	A&I-2	1	A	\$ 1,528,333	\$ 119,353	\$ 1,647,686
2	A&I-2	1	B	\$ 17,029	\$ 10,438	\$ 27,467
3	A&I-2	1	C-1	643	66	709
4	A&I-2	1	C-2	34	8	42
5	A&I-2	1	C-4	338	11	349
6	A&I-2	1	E	18,019	227	18,246
7	A&I-2	1	F	222	14	236
8	A&I-2	1	G	\$ 5,290,661	\$ 533,058	\$ 5,823,719

ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS

Medi-Cal Net Cost of Covered Services - Noncontract

Deductibles and Coinsurance - Noncontract

Medi-Cal Inpatient Days - Adults and Peds - Noncontract

Medi-Cal Inpatient Days - ICU - Noncontract

Medi-Cal Inpatient Days - Nursery - Noncontract

Total Hospital Discharges

Total Medi-Cal Discharges - Acute - Noncontract

Total Medi-Cal Inpatient Charges - Noncontract

To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records.

Title 22, CCR, Section 51536