

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

**SANTA ROSA MEMORIAL HOSPITAL  
SANTA ROSA, CALIFORNIA  
PROVIDER NUMBER: ZZR00174F AND  
NPI NUMBER: 1134152549**

**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: Jesse Duran  
Auditors: Bob Dailey**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

November 4, 2011

Mitch Riccioni  
Chief Financial Officer  
Santa Rosa Memorial Hospital  
1165 Montgomery Drive  
Santa Rosa, CA 95402

PROVIDER: SANTA ROSA MEMORIAL HOSPITAL  
PROVIDER NUMBER: ZZR00174F  
NPI NUMBER: 1134152549  
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](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

Mitch Riccioni  
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:** SANTA ROSA MEMORIAL HOSPITAL  
**PROVIDER NO.:** ZZR00174F  
**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)	\$ 28,916,786	\$	0	\$	\$ 28,916,786
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 251,427	\$	0	\$	\$ 251,427
C. Medi-Cal Inpatient Days (Adj. 3-6)					
1. Routine (Adults & Pediatrics)	7,319		0		7,319
2. ICU	1,095		0		1,095
3. CCU					
4. Nursery	1,010		0		1,010
5. NICU	1,362		0		1,362
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. )	N/A		N/A		13,375
E. Total Medi-Cal Discharges (Adj. 7)	1,718		0		1,718
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 120,801,328	\$	0	\$	\$ 120,801,328

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** SANTA ROSA MEMORIAL HOSPITAL  
**PROVIDER NO.** ZZR00174F  
**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	\$	13,094,451
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,592,637
3. Interest Expense:	8860, 8870	\$	7,030,088
4. Property Taxes and License Fees:	8850 and/or .83	\$	575,408
5. Utility Expense:	.77, .78, .79, and .80	\$	2,509,042
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,557,742
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 315,446,907
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	66,715
2. Professional Fees	.20	\$	11,224,003
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 6,393,345
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,911,944
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	138,284,212
2. Employee Benefits	.10 - .19, .92, .96	\$	42,342,982
3. Other Professional Fees	.21 - .29	\$	17,667,774
4. Purchased Services	.61 - .69	\$	22,263,529
5. Supplies	.31 - .36, .93, .97	\$	36,776,679
6. Other Direct Operating Expense	.85 - .90	\$	9,156,356

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** SANTA ROSA MEMORIAL HOSPITAL  
**PROVIDER NO.** ZZR00174F  
**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	\$	13,124,186
b. Productive Hours			240,880
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	17,373,192
b. Productive Hours			422,345
3. Registered Nurses			
a. Productive Salaries	.02	\$	61,362,143
b. Productive Hours			933,380
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,358,660
b. Productive Hours			41,561
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	10,125,274
b. Productive Hours			426,398
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	67,183
b. Productive Hours			755
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	982,669
b. Productive Hours			15,850
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	4,805,760
b. Productive Hours			213,936
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	10,651,662
b. Productive Hours			470,885
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	19,105,709
b. Productive Hours	Report or Provider W/P		427,466
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>119,850,730</u>
2. Productive Hours (lines 1b - 10b)			<u>2,765,990</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>138,956,439</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>3,193,456</u></b>

**AUDIT ADJUSTMENTS**

Provider: SANTA ROSA MEMORIAL HOSPITAL				Provider No. ZZR00174F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11	
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	\$ 24,063,760	\$ 4,853,026	\$ 28,916,786
	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$	\$
2	DHS 3094	1	B	Deductibles and Coinsurance - Noncontract	\$ 148,370	\$ 103,057	\$ 251,427
	DHS 3094	1	B	Deductibles and Coinsurance - Contract	\$	\$	\$
3	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	6,325	994	7,319
	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	914	181	1,095
	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	1,814	(804)	1,010
	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract			
6	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	0	1,362	1,362
	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: SANTA ROSA MEMORIAL HOSPITAL				Provider No. ZZR00174F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11	
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	E	Total Hospital Discharges	13,375	0	13,375
7	DHS 3094	1	F	Total Medi-Cal Discharges - Acute - Noncontract	1,601	117	1,718
	DHS 3094	1	F	Total Medi-Cal Discharges - Acute - Contract			
8	DHS 3094	1	G	Total Medi-Cal Inpatient Charges - Noncontract	\$ 102,951,640	\$ 17,849,688	\$ 120,801,328
	DHS 3094	1	G	Total Medi-Cal Inpatient Charges - Contract	\$	\$	\$
	DHS 3094	2	A-1	Depreciation Expense	\$ 13,094,451	\$ 0	\$ 13,094,451
	DHS 3094	2	A-2	Rent and Lease Expense	\$ 4,592,637	\$ 0	\$ 4,592,637
	DHS 3094	2	A-3	Interest Expense	\$ 7,030,088	\$ 0	\$ 7,030,088
	DHS 3094	2	A-4	Property Taxes and License Fees	\$ 575,408	\$ 0	\$ 575,408
	DHS 3094	2	A-5	Utility Expenses	\$ 2,509,042	\$ 0	\$ 2,509,042
	DHS 3094	2	A-6	Malpractice Insurance Expense	\$ 1,557,742	\$ 0	\$ 1,557,742
	DHS 3094	2	B	Gross Operating Expenses	\$ 315,446,907	\$ 0	\$ 315,446,907
	DHS 3094	2	C-1	Student and Physician Salaries	\$ 66,715	\$ 0	\$ 66,715

## AUDIT ADJUSTMENTS

Provider: SANTA ROSA MEMORIAL HOSPITAL				Provider No. ZZR00174F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	2	C-2	Professional Fees	\$ 11,224,003	\$ 0	\$ 11,224,003
	DHS 3094	2	D	Pharmacy Nonlabor Expense	\$ 6,393,345	\$ 0	\$ 6,393,345
	DHS 3094	2	E	Food Services Nonlabor Expense	\$ 1,911,944	\$ 0	\$ 1,911,944
9	DHS 3094	2	F-1	Direct Operating - Salaries and Wages	\$ 138,889,724	\$ (605,512)	\$ 138,284,212
10	DHS 3094	2	F-2	Direct Operating - Employee Benefits	\$ 41,737,470	\$ 605,512	\$ 42,342,982
	DHS 3094	2	F-3	Direct Operating - Other Professional Fees	\$ 17,667,774	\$ 0	\$ 17,667,774
	DHS 3094	2	F-4	Direct Operating - Purchased Services	\$ 22,263,529	\$ 0	\$ 22,263,529
	DHS 3094	2	F-5	Direct Operating - Supplies	\$ 36,776,679	\$ 0	\$ 36,776,679
11	DHS 3094	2	F-6	Other Direct Operating Expense	\$ 0	\$ 9,156,356	\$ 9,156,356
	DHS 3094	3	A-1-a	Productive Salaries - Management and Supervision	\$ 13,124,186	\$ 0	\$ 13,124,186
	DHS 3094	3	A-1-b	Productive Hours	240,880	0	240,880
	DHS 3094	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 17,373,192	\$ 0	\$ 17,373,192
	DHS 3094	3	A-2-b	Productive Hours	422,345	0	422,345
	DHS 3094	3	A-3-a	Productive Salaries - Registered Nurses	\$ 61,362,143	\$ 0	\$ 61,362,143
	DHS 3094	3	A-3-b	Productive Hours	933,380	0	933,380

**AUDIT ADJUSTMENTS**

Provider: SANTA ROSA MEMORIAL HOSPITAL				Provider No. ZZR00174F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 1,358,660	\$ 0	\$ 1,358,660
	DHS 3094	3	A-4-b	Productive Hours	41,561	0	41,561
	DHS 3094	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 10,125,274	\$ 0	\$ 10,125,274
	DHS 3094	3	A-5-b	Productive Hours	426,398	0	426,398
	DHS 3094	3	A-6-a	Productive Salaries - Physicians (Salaried)	\$ 67,183	\$ 0	\$ 67,183
	DHS 3094	3	A-6-b	Productive Hours	755	0	755
	DHS 3094	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 982,669	\$ 0	\$ 982,669
	DHS 3094	3	A-7-b	Productive Hours	15,850	0	15,850
	DHS 3094	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 4,805,760	\$ 0	\$ 4,805,760
	DHS 3094	3	A-8-b	Productive Hours	213,936	0	213,936
	DHS 3094	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 10,651,662	\$ 0	\$ 10,651,662
	DHS 3094	3	A-9-b	Productive Hours	470,885	0	470,885
	DHS 3094	3	A-10-a	Productive Salaries - Other	\$	\$	\$
	DHS 3094	3	A-10-b	Productive Hours			

**AUDIT ADJUSTMENTS**

Provider: SANTA ROSA MEMORIAL HOSPITAL				Provider No. ZZR00174F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 19,105,709	\$ 0	\$ 19,105,709
	N/A	N/A	A-11-b	Nonproductive Hours	427,466	0	427,466
	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 119,850,730	\$ 0	\$ 119,850,730
	N/A	N/A	B 2	Subtotal Productive Hours	2,765,990	0	2,765,990
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 138,956,439	\$ 0	\$ 138,956,439
	N/A	N/A	D	Total Productive and Nonproductive Hours	3,193,456	0	3,193,456

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

