

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES
PROVIDENCE TARZANA MEDICAL CENTER
TARZANA, CALIFORNIA
PROVIDER NUMBER: NPI 1821250762
PERIOD REVIEWED
SEPTEMBER 19, 2008 THROUGH DECEMBER 31, 2008**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Celia Avina
Auditor: Alison Dowling**



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



EDMUND G. BROWN JR.
GOVERNOR

September 29, 2011

Larry Natsume
Director of Reimbursement
Providence Health and Services
501 South Buena Vista Street
Burbank, CA 91505

PROVIDER: PROVIDENCE TARZANA MEDICAL CENTER
PROVIDER NO. NPI 1821250762
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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.

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 95814-2825
(916) 322-5603

Larry Natsume
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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
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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: PROVIDENCE TARZANA MEDICAL CENTER
PROVIDER NO.: NPI 1821250762
FISCAL PERIOD: SEPTEMBER 19, 2008 THROUGH DECEMBER 31, 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)	\$ 749,420		\$ -		\$ 749,420
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 8,732		\$ -		\$ 8,732
C. Medi-Cal Inpatient Days (Adjs. 3-6)					
1. Routine (Adults & Pediatrics)	138		-		138
2. ICU	11		-		11
3. CCU	-		-		-
4. Nursery	2		-		2
5. NICU	122		-		122
6. Other (Specify)					
a.	-		-		-
b.	-		-		-
D. Total Hospital Discharges (Adj. 7)	N/A		N/A		3,349
E. Total Medi-Cal Discharges (Adj. 8)	64		-		64
F. Total Medi-Cal Inpatient Charges (Adj. 9)	\$ 3,369,492		\$ -		\$ 3,369,492

RATE DEVELOPMENT WORKSHEETS

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FISCAL PERIOD: SEPTEMBER 19, 2008 THROUGH DECEMBER 31, 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	\$	504,659
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	719,052
3. Interest Expense:	8860, 8870	\$	1,284,456
4. Property Taxes and License Fees:	8850 and/or .83	\$	195,701
5. Utility Expense:	.77, .78, .79, and .80	\$	782,837
6. Malpractice Insurance Expense:	8830 and/or .81	\$	496,400
 B. GROSS OPERATING EXPENSES (Adj. 10)	 W/S A, line 101, col. 3	 \$	 54,204,832
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	-
2. Professional Fees	.20	\$	604,836
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	2,444,149
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	418,712
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	23,173,284
2. Employee Benefits	.10 - .19, .92, .96	\$	5,897,702
3. Other Professional Fees	.21 - .29	\$	2,051,176
4. Purchased Services	.61 - .69	\$	5,100,197
5. Supplies	.31 - .36, .93, .97	\$	9,654,189

RATE DEVELOPMENT WORKSHEETS

PROVIDER: PROVIDENCE TARZANA MEDICAL CENTER
PROVIDER NO. NPI 1821250762
FISCAL PERIOD: SEPTEMBER 19, 2008 THROUGH DECEMBER 31, 2008
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	2,162,384
b. Productive Hours			37,279.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	5,153,237
b. Productive Hours			126,815.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	11,909,716
b. Productive Hours			220,899.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	520,302
b. Productive Hours			18,719.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,114,369
b. Productive Hours			52,975.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			-
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	-
b. Productive Hours			-
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	264,678
b. Productive Hours			16,835.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,721,722
b. Productive Hours			75,618.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	326,876
b. Productive Hours			14,025.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	1,945,451
b. Productive Hours	Report or Provider W/P		73,155.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>23,173,284</u>
2. Productive Hours (lines 1b - 10b)			<u>563,165.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>25,118,735</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>636,320.00</u>

AUDIT ADJUSTMENTS

Provider:		Provider No.	Fiscal Period:	No. of Adjs:			
PROVIDENCE TARZANA MEDICAL CENTER		NPI 1821250762	SEPTEMBER 19, 2008 THROUGH DECEMBER 31, 2008	10			
Report Reference		Explanation of Audit Adjustments			Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
				<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>			
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 2,125,017	\$ (1,375,597)	\$ 749,420
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	\$ -	\$ 8,732	\$ 8,732
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	434	(296)	138
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	138	(127)	11
5	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	9	(7)	2
6	A&I-2	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	271	(149)	122
7	A&I-2	1	D	Total Hospital Discharges	-	3,349	3,349
8	A&I-2	1	E	Total Medi-Cal Discharges - Noncontract	155	(91)	64
9	A&I-2	1	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 10,601,395	\$ (7,231,903)	\$ 3,369,492
10	A&I-2	2	B	Gross Operating Expenses	\$ 54,148,704	\$ 56,128	\$ 54,204,832

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

Title 22, CCR, Section 51536

