

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

**SOUTH COAST MEDICAL CENTER  
LAGUNA BEACH, CALIFORNIA  
PROVIDER NUMBER: ZZT30193F  
NATIONAL PROVIDER IDENTIFIER: 1649253972**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

**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: Nhung Tran**



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



**DAVID MAXWELL-JOLLY**  
Director

**ARNOLD SCHWARZENEGGER**  
Governor

Date: April 28, 2010

Greg McCulloch  
Chief Financial Officer  
Adventist Health System  
P.O. Box 619002  
Roseville, CA 95661-9002

PROVIDER: SOUTH COAST MEDICAL CENTER  
PROVIDER NO. ZZT30193F  
FISCAL PERIOD ENDED DECEMBER 31, 2008

We have examined the Rate Development Worksheets for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institution code. The data for the worksheets was obtained from provider records by a field audit.

In our opinion, the audited data presented in the Rate Development Worksheets 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 Worksheets
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 website [www.oal.ca.gov](http://www.oal.ca.gov).

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

Greg McCulloch  
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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  
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, Title 22, California Code of Regulations, 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:** SOUTH COAST MEDICAL CENTER  
**PROVIDER NO.** ZZT30193F  
**FISCAL PERIOD:** JANUARY 1, 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)	\$ 446,659				\$ 446,659
B. Deductibles and Coinsurance (Third Party Liability) (Adj. )	\$				\$
C. Medi-Cal Inpatient Days (Adjs. 2-4)					
1. Routine (Adults & Pediatrics)		114			114
2. ICU		1			1
3. CCU					
4. Nursery		96			96
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Average Per Diem (Adjs. 5-7)					
1. Routine (Adults & Pediatrics)				\$	944.92
2. ICU				\$	1,762.11
3. CCU				\$	
4. Nursery				\$	1,051.27
5. NICU				\$	
6. Other (Specify)					
a.				\$	
b.				\$	
E. Total Hospital Discharges **		N/A		N/A	4,388
F. Total Medi-Cal Discharges** (Adj. 8)		44			44
G. Total Medi-Cal Inpatient Charges (Adj. 9)	\$ 606,273				\$ 606,273

\* Do not include data for NF or Administrative Days.

\*\* Do not include newborns that were born in the hospital.

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** SOUTH COAST MEDICAL CENTER  
**PROVIDER NO.** ZZT30193F  
**FISCAL PERIOD:** JANUARY 1, 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	\$	2,806,902
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	1,666,991
3. Interest Expense:	8860, 8870	\$	1,904,654
4. Property Taxes and License Fees:	8850 and/or .83	\$	268,812
5. Utility Expense:	.77, .78, .79, and .80	\$	1,669,829
6. Malpractice Insurance Expense:	8830 and/or .81	\$	808,661
 B. GROSS OPERATING EXPENSES	 C/R W/S A, line 101, col 3	 \$	 76,075,086
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	1,822,690
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 1,594,522
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,203,488
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	30,588,391
2. Employee Benefits	Sch 10, line 5, col. 3	\$	8,162,766
3. Other Professional Fees	.21 - .29	\$	3,195,149
4. Purchased Services	.61 - .69	\$	5,296,303
5. Supplies	.31 - .36, .93, .97	\$	10,292,781
6. Other Direct Operating Expense	.85 - .90	\$	4,793,148

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**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	6,537,074
b. Productive Hours			129,236.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	7,833,198
b. Productive Hours			239,596.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	8,701,635
b. Productive Hours			200,746.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,119,859
b. Productive Hours			42,382.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	1,238,937
b. Productive Hours			74,303.00
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	\$	1,094,671
b. Productive Hours			75,306.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	3,525,860
b. Productive Hours			197,009.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	537,158
b. Nonproductive Hours	Report or Provider W/P		15,033.00
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>30,051,233</u>
2. Productive Hours (lines 1b - 10b)			<u>958,577.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>30,588,391</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>973,610.00</u></b>

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