REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES

ENCINO HOSPITAL MEDICAL CENTER
ENCINO, CALIFORNIA
PROVIDER NUMBERS: HSP 30158L / NPI 1437322377

FISCAL PERIOD ENDED
DECEMBER 31, 2009

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

Section Chief: Daniel J. Giardinelli
Audit Supervisor: Debra K. Blake
Auditor: Robert Miles

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

November 1, 2011

Ann Rhys, Controller
Sherman Oaks and Encino Hospitals
5000 Van Nuys Boulevard, Suite 325
Sherman Oaks, California 91403-1717

PROVIDER: ENCINO HOSPITAL MEDICAL CENTER
PROVIDER NOS. HSP 30158L / NPI 1437322377
FISCAL PERIOD ENDED DECEMBER 31, 2009

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:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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—Burbank at (818) 295-2620.

Original Signed By

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

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: ENCINO HOSPITAL MEDICAL CENTER
PROVIDER NO. HSP 30158L / NPI 1437322377
FISCAL PERIOD: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD: MARCH 26, 2009 THROUGH DECEMBER 31, 2009

ACUTE CARE ONLY	Noncontract Cost Settlement	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
A. Medi-Cal Net Cost of Covered Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Adj. 1)	$ 65,349	$ 1,492,579	$ 1,557,928
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	$ 197	$ 56,279	$ 56,476
C. Medi-Cal Inpatient Days (Adj. 3, 4)			
1. Routine (Adults & Pediatrics)	57	645	702
2. ICU	0	0	
3. CCU	14	139	153
4. Nursery	0	0	
5. NICU	0	0	
6. Other (Specify)			
a.	0	0	
b.	0	0	
D. Total Hospital Discharges (Adj. 5)	N/A	N/A	2,694
E. Total Medi-Cal Discharges (Adj. 6)	9	154	163
F. Total Medi-Cal Inpatient Charges (Adj. 7)	$ 84,710	$ 10,107,340	$ 10,192,050

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **ENCINO HOSPITAL MEDICAL CENTER**
PROVIDER NO. **HSP 30158L / NPI 1437322377**
FISCAL PERIOD: **JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**
CONTRACT PERIOD: **MARCH 26, 2009 THROUGH DECEMBER 31, 2009**

A. EXPENSE PASS-THROUGH DATA	REFERENCE		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	$	1,098,244
2. Rent and Lease Expense:	8820, and/or .75 and .76	$	606,184
3. Interest Expense:	8860, 8870	$	1,211,130
4. Property Taxes and License Fees:	8850 and/or .83	$	546,576
5. Utility Expense:	.77, .78, .79, and .80	$	989,826
6. Malpractice Insurance Expense:	8830 and/or .81	$	103,631
B. GROSS OPERATING EXPENSES	W/S A, line 101, col. 3	$	42,351,306
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	0
2. Professional Fees	.20	$	247,961
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	$	45,419
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	$	1,147,098
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	$	21,970,122
2. Employee Benefits	.10 - .19, .92, .96	$	6,700,106
3. Other Professional Fees	.21 - .29	$	1,059,374
4. Purchased Services	.61 - .69	$	3,493,481
5. Supplies	.31 - .36, .93, .97	$	3,121,603

RATE DEVELOPMENT WORKSHEETS

PROVIDER: **ENCINO HOSPITAL MEDICAL CENTER**
PROVIDER NO. **HSP 30158L / NPI 1437322377**
FISCAL PERIOD: **JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**
CONTRACT PERIOD: **MARCH 26, 2009 THROUGH DECEMBER 31, 2009**

A. DIRECT PAYROLL COSTS (Totals)	REFERENCE		
1. Management and Supervision			
a. Productive Salaries	.00	$	2,061,845
b. Productive Hours			44,819.00
2. Technicians and Specialists			
a. Productive Salaries	.01	$	5,997,574
b. Productive Hours			174,454.00
3. Registered Nurses			
a. Productive Salaries	.02	$	8,975,916
b. Productive Hours			172,487.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	1,258,501
b. Productive Hours			45,181.00
5. Aides and Orderlies			
a. Productive Salaries	.04	$	1,360,683
b. Productive Hours			69,748.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	$	0
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	$	269,914
b. Productive Hours			17,366.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	2,028,029
b. Productive Hours			93,228.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	17,664
b. Productive Hours			379.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	$	1,746,240
b. Productive Hours	Report or Provider W/P		51,833.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		$	21,970,126
2. Productive Hours (lines 1b - 10b)			617,662.00
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		$	23,716,366
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			669,495.00

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
ENCINO HOSPITAL MEDICAL CENTER	HSP 30158L / NPI 1437322377	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	21

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
				ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS			
1	DHS 3094	3	A	Medi-Cal Net Cost of Covered Services - Noncontract	$ 112,723	$ (47,374)	$ 65,349
	DHS 3094	3	A	Medi-Cal Net Cost of Covered Services - Contract	$ 2,617,082	$ (1,124,503)	$ 1,492,579
2	DHS 3094	3	B	Deductibles and Coinsurance - Noncontract	$ 0	$ 197	$ 197
	DHS 3094	3	B	Deductibles and Coinsurance - Contract	$ 0	$ 56,279	$ 56,279
3	DHS 3094	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	32	25	57
	DHS 3094	3	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract	673	(28)	645
4	DHS 3094	3	C-3	Medi-Cal Inpatient Days - CCU - Noncontract	4	10	14
	DHS 3094	3	C-3	Medi-Cal Inpatient Days - CCU - Contract	162	(23)	139
5	DHS 3094	3	D	Total Hospital Discharges	2,718	(24)	2,694
6	DHS 3094	3	E	Total Medi-Cal Discharges - Acute - Noncontract	0	9	9
	DHS 3094	3	E	Total Medi-Cal Discharges - Acute - Contract	220	(66)	154
7	DHS 3094	3	F	Total Medi-Cal Inpatient Charges - Noncontract	$ 523,295	$ (438,585)	$ 84,710
	DHS 3094	3	F	Total Medi-Cal Inpatient Charges - Contract	$ 20,572,172	$ (10,464,832)	$ 10,107,340
8	DHS 3094	4	A-1	Depreciation Expense	$ 862,048	$ 236,196	$ 1,098,244
9	DHS 3094	4	A-3	Interest Expense	$ 0	$ 1,211,130	$ 1,211,130
10	DHS 3094	4	A-4	Property Taxes and License Fees	$ 507,695	$ 38,881	$ 546,576
11	DHS 3094	4	B	Gross Operating Expenses	$ 42,263,475	$ 87,831	$ 42,351,306

AUDIT ADJUSTMENTS

Provider:	Provider No.	Fiscal Period:	No. of Adjs:
ENCINO HOSPITAL MEDICAL CENTER	HSP 30158L / NPI 1437322377	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	21

Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
12	DHS 3094	4	F-2	Direct Operating - Employee Benefits	$ 6,680,408	$ 19,698	$ 6,700,106
13	DHS 3094	4	F-4	Direct Operating - Purchased Services	$ 3,492,657	$ 824	$ 3,493,481
14	DHS 3094	4	F-5	Direct Operating - Supplies	$ 2,930,084	$ 191,519	$ 3,121,603
15	DHS 3094	5	A-2-a	Productive Salaries - Technicians and Specialists	$ 6,754,833	$ (757,259)	$ 5,997,574
	DHS 3094	5	A-2-b	Productive Hours	196,481.00	(22,027.00)	174,454.00
16	DHS 3094	5	A-3-a	Productive Salaries - Registered Nurses	$ 8,457,018	$ 518,898	$ 8,975,916
	DHS 3094	5	A-3-b	Productive Hours	157,393.00	15,094.00	172,487.00
17	DHS 3094	5	A-5-a	Productive Salaries - Aides and Orderlies	$ 1,355,857	$ 4,826	$ 1,360,683
	DHS 3094	5	A-5-b	Productive Hours	69,608.00	140.00	69,748.00
18	DHS 3094	5	A-9-a	Productive Salaries - Clerical and Other Administrative	$ 1,794,494	$ 233,535	$ 2,028,029
	DHS 3094	5	A-9-b	Productive Hours	6,793.00	86,435.00	93,228.00
19	N/A	N/A	A-11-a	Nonproductive Salaries	$ 0	$ 1,746,240	$ 1,746,240
	N/A	N/A	A-11-b	Nonproductive Hours	0	51,833.00	51,833.00
20	N/A	N/A	C	Total Productive and Nonproductive Salaries	$ 0	$ 23,716,366	$ 23,716,366
21	N/A	N/A	D	Total Productive and Nonproductive Hours	0	669,495.00	669,495.00

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

FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES

PROVIDER	PROVIDER NO.	FPE
ENCINO HOSPITAL MEDICAL CENTER	HSP 30158L	DECEMBER 31, 2009

SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	OTHER (EXPLAIN)	
January	1 & 2	8				5			3
February	2 & 3	12				9			3
March 1 - 25	3 & 4	11				8			3
TOTALS		31				22			9

FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES

PROVIDER	PROVIDER NO.	FPE
ENCINO HOSPITAL MEDICAL CENTER	HSC 30158L	DECEMBER 31, 2009

SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	ZERO DAYS	
March 26 - 31	1	6	0	0	0	3	0	3	
April	1 & 2	49	0	0	0	5	0	23	21
May	2, 3 & 4	64	2	0	0	8	0	30	24
June	4 & 5	39	1	0	0	5	0	18	15
July	5, 6 & 7	47	1	0	0	6	0	22	18
August	7 & 8	36	0	0	0	8	0	17	11
September	8 & 9	35	0	0	0	5	0	16	14
October	9 & 10	39	1	0	0	4	0	16	18
November	10 & 11	45	2	0	0	2	0	20	21
December	11 & 12	35	0	0	0	7	0	16	12
TOTALS		**395**	**7**			**53**		**181**	**154**