

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT SCHEDULES**

**HEART HOSPITAL OF BAKERSFIELD
BAKERSFIELD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1609856947**

**FISCAL PERIOD ENDED
SEPTEMBER 30, 2009**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Dianna Morgan**



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



EDMUND G. BROWN JR.
GOVERNOR

March 26, 2012

Ken Jordan, CFO
Heart Hospital of Bakersfield
3001 Sillect Avenue
Bakersfield, CA 93308

HEART HOSPITAL OF BAKERSFIELD
NATIONAL PROVIDER IDENTIFIER (NPI) 1609856947
FISCAL PERIOD ENDED SEPTEMBER 30, 2009

We have examined the Rate Development 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 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 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 Benefits, Waiver Analysis and Rates Division 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
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

Ken Jordan
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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

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
(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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	HEART HOSPITAL OF BAKERSFIELD
NPI	1609856947
FISCAL PERIOD	OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009
CONTRACT PERIOD	N/A

	Noncontract Cost Services	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 (Schedule 1, Line 1) (Adj 1)	\$ 1,809,058	\$	\$ 1,809,058
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 282,905	\$	\$ 282,905
C. Medi-Cal Inpatient Days (Adj 3) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	854		854
2. ICU			
3. CCU			
4. Nursery			
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges **	N/A	N/A	3,649
E. Total Medi-Cal Discharges** (Adj 4)	209		209
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 5)	\$ 10,143,003	\$	\$ 10,143,003

* Data for NF or Administrative Days are not included.

** Data for newborns that were born in the hospital are not included.

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	HEART HOSPITAL OF BAKERSFIELD
NPI	1609856947
FISCAL PERIOD	OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	2,634,155
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	512,442
3. Interest Expense:	8860, 8870	\$	1,796,571
4. Property Taxes and License Fees:	8850 and/or .83	\$	774,676
5. Utility Expense:	.77, .78, .79, and .80	\$	793,992
6. Malpractice Insurance Expense:	8830 and/or .81	\$	521,261
B. GROSS OPERATING EXPENSES	Sch 10, line 101, col. 3	\$	57,599,767
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	943,670
D. PHARMACY NONLABOR EXPENSE	8390.37 and 8390.38	\$	3,012,315
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	\$	424,044
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	18,078,062
2. Employee Benefits	.10 - .19, .92, .96	\$	5,819,696
3. Other Professional Fees	.21 - .29	\$	4,332,613
4. Purchased Services	.61 - .69	\$	3,187,833
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	10,801,233

RATE DEVELOPMENT SCHEDULES

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NPI	1609856947
FISCAL PERIOD	OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj 7-8)			
a. Productive Salaries	.00	\$	2,362,317
b. Productive Hours			43,840.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	3,974,786
b. Productive Hours			108,110.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	9,312,745
b. Productive Hours			203,165.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	
b. Productive Hours			
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	841,299
b. Productive Hours			58,987.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	129,354
b. Productive Hours			2,629.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	53,321
b. Productive Hours			1,925.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,343,710
b. Productive Hours			66,035.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages (Adj 9-10)			
a. Nonproductive Salaries	Labor Distribution	\$	1,910,335
b. Nonproductive Hours	Report or Provider W/P		58,888.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>18,017,532</u>
2. Productive Hours (lines A1b - A10b)			<u>484,691.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>19,927,867</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>543,579.00</u>

Provider Name				Fiscal Period		NPI	Adjustments
HEART HOSPITAL OF BAKERSFIELD				OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009		1609856947	14
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
<u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 1,502,218	\$ 306,840	\$ 1,809,058
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 119,534	\$ 163,371	\$ 282,905
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	560	294	854
4	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	167	42	209
5	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 7,528,877	\$ 2,614,126	\$ 10,143,003
6	2	4	F 4	Direct Operating—Purchased Services	\$ 3,187,898	\$ (65)	\$ 3,187,833
7	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 2,417,688	\$ (55,371)	\$ 2,362,317
8	3	5	A 1 b	Management and Supervision—Productive Hours	44,210	(370)	43,840
9	3	5	A 11	Nonproductive Salaries and Wages	\$ 1,854,963	\$ 55,372	\$ 1,910,335
10	3	5	A 11	Nonproductive Hours	58,515	373	58,888
11	3	5	B 1	Subtotal Productive Salaries	\$ 18,072,903	\$ (55,371)	\$ 18,017,532
12	3	5	B 2	Subtotal Productive Hours	485,061	(370)	484,691
13	3	5	C	Total Productive and Nonproductive Salaries	\$ 19,927,866	\$ 1	\$ 19,927,867

Provider Name				Fiscal Period	NPI	Adjustments	
HEART HOSPITAL OF BAKERSFIELD				OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009	1609856947	14	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
14	3	5	D	Total Productive and Nonproductive Hours To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536	543,576	3	543,579

