

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

**FRESNO HEART AND SURGICAL HOSPITAL
FRESNO, CALIFORNIA
PROVIDER NUMBER: HSP30732F
NPI NUMBER: 1699872978
FISCAL PERIOD ENDED
AUGUST 31, 2009**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Pawandeep Boparai**



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



EDMUND G. BROWN JR.
GOVERNOR

October 4, 2011

James Cole
Director of Government Reimbursement
Community Medical Centers
1925 East Dakota Avenue, Ste. 214
Fresno, CA 93726

PROVIDER: FRESNO HEART AND SURGICAL HOSPITAL
PROVIDER NO. HSP30732F
FISCAL PERIOD ENDED AUGUST 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 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
(916) 355-5603

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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) 440-7745

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 WORKSHEETS

PROVIDER: FRESNO HEART AND SURGICAL HOSPITAL
PROVIDER NO. HSP30732F
FISCAL PERIOD: SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009
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)	\$ 90,756			\$	\$ 90,756
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 41,572			\$	\$ 41,572
C. Medi-Cal Inpatient Days (Adj. 3-5)					
1. Routine (Adults & Pediatrics)		41			41
2. ICU					
3. CCU		1			1
4. Nursery					
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj.)		N/A		N/A	3,638
E. Total Medi-Cal Discharges** (Adj. 6)		13			13
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 186,644			\$	\$ 186,644

* Do not include data for NF or Administrative Days.

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

RATE DEVELOPMENT WORKSHEETS

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PROVIDER NO. HSP30732F
FISCAL PERIOD: SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009
CONTRACT PERIOD: N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	4,281,707
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	677,914
3. Interest Expense:	8860, 8870	\$	3,116,942
4. Property Taxes and License Fees:	8850 and/or .83	\$	
5. Utility Expense:	.77, .78, .79, and .80	\$	1,090,674
6. Malpractice Insurance Expense:	8830 and/or .81	\$	484,284
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 72,942,347
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	2,134,011
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 2,436,172
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 393,898
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	21,572,159
2. Employee Benefits	.10 - .19, .92, .96	\$	6,707,105
3. Other Professional Fees	.21 - .29	\$	2,204,937
4. Purchased Services	.61 - .69	\$	9,563,821
5. Supplies	.31 - .36, .93, .97	\$	17,792,065
6. Other Direct Operating Expense	.85 - .90	\$	1,189,132

RATE DEVELOPMENT WORKSHEETS

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PROVIDER NO. HSP30732F
FISCAL PERIOD: SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	3,764,182
b. Productive Hours			55,225.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	4,973,441
b. Productive Hours			150,235.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	9,208,410
b. Productive Hours			186,513.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	36,177
b. Productive Hours			1,431.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	698,180
b. Productive Hours			37,942.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	13,882
b. Productive Hours			250.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	958,476
b. Productive Hours			68,455.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,919,223
b. Productive Hours			74,953.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	-
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	1,978,683
b. Productive Hours	Report or Provider W/P		114,694.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>21,571,971</u>
2. Productive Hours (lines 1b - 10b)			<u>575,004.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>23,550,654</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>689,698.00</u>

AUDIT ADJUSTMENTS

Provider: FRESNO HEART AND SURGICAL HOSPITAL				Provider No. HSP30732F	Fiscal Period: SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009	No. of Adjs: 19	
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	3	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 0	\$ 90,756	\$ 90,756
2	A&I-2	3	B	Deductibles and Coinsurance - Noncontract	\$ 0	\$ 41,572	\$ 41,572
3	A&I-2	3	C-1	Medi-Cal Inpatient Days - Adults and Pediatrics - Noncontract	17	24	41
4	A&I-2	3	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	2	(2)	0
5	A&I-2	3	C-3	Medi-Cal Inpatient Days - CCU - Noncontract	0	1	1
6	A&I-2	3	E	Total Medi-Cal Discharges - Acute - Noncontract	10	3	13
7	A&I-2	3	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 106,391	\$ 80,253	\$ 186,644
8	A&I-2	4	A-1	Expense Pass-Through Data - Depreciation Expense	\$ 5,274,200	\$ (992,493)	\$ 4,281,707
9	A&I-2	4	A-4	Expense Pass-Through Data - Property Taxes and License Fees	\$ (724,103)	\$ 724,103	\$ 0
10	A&I-2	4	A-6	Expense Pass-Through Data - Malpractice Insurance Expense	\$ 480,588	\$ 3,696	\$ 484,284
11	A&I-2	4	E	Food Services Nonlabor Expense	\$ 642,478	\$ (248,580)	\$ 393,898
12	A&I-2	4	F-5	Direct Operating Costs - Supplies	\$ 10,268,652	\$ 7,523,413	\$ 17,792,065

AUDIT ADJUSTMENTS

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Adj. No.	Form	Page	Line				
13	A&I-2	4	F-6	Direct Operating Costs - Other Direct Operating Expense	\$ 936,395	\$ 252,737	\$ 1,189,132
14	A&I-2	5	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 14,070.00	(188.00)	\$ 13,882.00
15	A&I-2	5	A-7-b	Productive Hours	271.00	(21.00)	250
16	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 21,572,159.00	(188.00)	21,571,971.00
17	N/A	N/A	B 2	Subtotal Productive Hours	575,025.00	(21.00)	575,004.00
18	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 23,550,842.00	(188.00)	\$ 23,550,654.00
19	N/A	N/A	D	Total Productive and Nonproductive Hours	689,719.00	(21.00)	689,698.00

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

Title 22, CCR, Section 51536