

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

**HOAG MEMORIAL HOSPITAL PRESBYTERIAN
NEWPORT BEACH, CALIFORNIA
PROVIDER NUMBER: ZZT30224F
NATIONAL PROVIDER IDENTIFIER: 1518951300
FISCAL PERIOD ENDED
SEPTEMBER 30, 2009**

**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**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: April 17, 2012

Bonny Shum, Controller
Hoag Memorial Hospital Presbyterian
500 Superior Avenue, Suite 200
Newport Beach, CA 92663

PROVIDER: HOAG MEMORIAL HOSPITAL PRESBYTERIAN
PROVIDER NO. ZZT30224F
NATIONAL PROVIDER IDENTIFIER: 1518951300
FISCAL PERIOD ENDED SEPTEMBER 30, 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 / 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 95814-2878
(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
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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

cc: Derek F. Petrak, Consultant
Petrak & Associates, Inc.
2255 Morello Avenue, Suite 201
Pleasant Hill, CA 94523

Date:

Bonny Shum, Controller
Hoag Memorial Hospital Presbyterian
500 Superior Avenue, Suite 200
Newport Beach, CA 92663

PROVIDER: HOAG MEMORIAL HOSPITAL PRESBYTERIAN
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RATE DEVELOPMENT WORKSHEETS

PROVIDER: HOAG MEMORIAL HOSPITAL PRESBYTERIAN
PROVIDER NO. ZZT 30224F
FISCAL PERIOD: SEPTEMBER 30, 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)	\$ 5,939,558			\$	\$ 5,939,558
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 25,858			\$	\$ 25,858
C. Medi-Cal Inpatient Days (Adjs. 3 - 7)					
1. Routine (Adults & Pediatrics)	1,663				1,663
2. ICU	90				90
3. CCU	69				69
4. Nursery	847				847
5. NICU	240				240
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj.)		N/A		N/A	29,532
E. Total Medi-Cal Discharges** (Adj. 8)		654			654
F. Total Medi-Cal Inpatient Charges (Adj. 9)	\$ 10,503,661			\$	\$ 10,503,661

* Do not include data for NF or Administrative Days.

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

RATE DEVELOPMENT WORKSHEETS

PROVIDER: HOAG MEMORIAL HOSPITAL PRESBYTERIAN
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FISCAL PERIOD: SEPTEMBER 30, 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	\$	54,864,905
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	9,158,348
3. Interest Expense:	8860, 8870	\$	17,506,893
4. Property Taxes and License Fees:	8850 and/or .83	\$	2,381,831
5. Utility Expense:	.77, .78, .79, and .80	\$	7,387,168
6. Malpractice Insurance Expense:	8830 and/or .81	\$	2,191,320
 B. GROSS OPERATING EXPENSES (Adj. 10)	 Sch 10, line 101, col. 3	 \$	 661,436,116
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	7,712,587
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	29,862,492
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	3,639,083
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	227,015,097
2. Employee Benefits	Sch 10, line 5, col. 3	\$	97,976,769
3. Other Professional Fees	.21 - .29	\$	11,106,317
4. Purchased Services	.61 - .69	\$	51,329,026
5. Supplies	.31 - .36, .93, .97	\$	88,464,589
6. Other Direct Operating Expense (Adj.10)	.85 - .90	\$	50,839,691

RATE DEVELOPMENT WORKSHEETS

PROVIDER: HOAG MEMORIAL HOSPITAL PRESBYTERIAN
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FISCAL PERIOD: SEPTEMBER 30, 2009
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	31,614,493
b. Productive Hours			564,990.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	59,426,783
b. Productive Hours			1,691,156.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	76,885,826
b. Productive Hours			1,692,652.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	157,091
b. Productive Hours			6,772.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	8,673,434
b. Productive Hours			502,274.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	611,503
b. Productive Hours			7,367.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	736,763
b. Productive Hours			12,893.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	9,351,466
b. Productive Hours			613,935.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	17,690,539
b. Productive Hours			990,888.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	3,722,277
b. Productive Hours			199,042.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	38,441,107
b. Productive Hours	Report or Provider W/P		1,047,872.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>208,870,175</u>
2. Productive Hours (lines 1b - 10b)			<u>6,281,969.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>247,311,282</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>7,329,841.00</u>

AUDIT ADJUSTMENTS

Provider: HOAG MEMORIAL HOSPITAL PRESBYTERIAN		Provider No. ZZT 30224F	Fiscal Period: OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009	No. of Adjs: 10
Report Reference		Explanation of Audit Adjustments		
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 \$ 3,903,960 \$ 2,035,598 \$ 5,939,558
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract \$ \$ 13,053 \$ 12,805 \$ 25,858
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract 1,606 57 1,663
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - Intensive Care - Noncontract 83 7 90
5	A&I-2	1	C-3	Medi-Cal Inpatient Days - Coronary Care - Noncontract 1 68 69
6	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract 832 15 847
7	A&I-2	1	C-5	Medi-Cal Inpatient Days - Neonatal Intensive Care - Noncontract 160 80 240
8	A&I-2	1	F	Total Medi-Cal Discharges - Acute - Noncontract 681 (27) 654
9	A&I-2	1	G	Total Medi-Cal Inpatient Charges - Noncontract \$ 5,159,138 \$ 5,344,523 \$ 10,503,661
10	A&I-2	2	F-6	Other Direct Operating Expense \$ 0 \$ 50,839,691 \$ 50,839,691

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

Title 22, CCR, Section 51536

AUDIT ADJUSTMENTS

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