

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

**JOHN MUIR MEDICAL CENTER – WALNUT CREEK
WALNUT CREEK, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1740215219**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Louise Wong
Audit Supervisor: Marisa Ho
Auditor: Eileen Kuang**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 17, 2012

George Fan
Reimbursement Manager
John Muir Medical Center
1340 Treat Boulevard, Suite 305
Walnut Creek, CA 94597-2142

JOHN MUIR MEDICAL CENTER – WALNUT CREEK
NATIONAL PROVIDER IDENTIFIER (NPI) 1740215219
FISCAL PERIOD ENDED DECEMBER 31, 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 Fee-For-Service Rates Development 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:

George Fan
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John Melton, Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(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

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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	JOHN MUIR MEDICAL CENTER - WALNUT CREEK
PROVIDER NPI	1740215219
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 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)	\$ 21,681,685		\$ 0		\$ 21,681,685
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 266,941		\$ 0		\$ 266,941
C. Medi-Cal Inpatient Days (Adjs 3 - 7) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	3,474		0		3,474
2. ICU	1,293		0		1,293
3. CCU					
4. Nursery	384		0		384
5. NICU	377		0		377
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges	N/A		N/A		20,032
E. Total Medi-Cal Discharges (Adj 8)	514		0		514
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 9)	\$ 115,455,557		\$ 0		\$ 115,455,557

Provider Name				Fiscal Period		NPI	Adjustments
JOHN MUIR MEDICAL CENTER - WALNUT CREEK				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1740215219	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	\$ 16,556,102	\$ 5,125,583	\$ 21,681,685
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 231,683	\$ 35,258	\$ 266,941
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	2,541	933	3,474
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	661	632	1,293
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
5	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract	163	(163)	0
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
6	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	32	352	384
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
7	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	388	(11)	377
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Contract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 a	Medi-Cal Inpatient Days—_____ Contract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Noncontract			
	1	3	C 6 b	Medi-Cal Inpatient Days—_____ Contract			

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Adj. No.	Audit Report Page	RD Schedule Page Line					
	1	3	D	Total Hospital Discharges	20,032	0	20,032
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	483	31	514
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 80,661,838	\$ 34,793,719	\$ 115,455,557
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 28,649,040	\$ 0	\$ 28,649,040
	2	4	A 2	Rent and Lease Expense	\$ 10,575,089	\$ 0	\$ 10,575,089
	2	4	A 3	Interest Expense	\$ 4,172,262	\$ 0	\$ 4,172,262
	2	4	A 4	Property Taxes and License Fees	\$ 531,719	\$ 0	\$ 531,719
	2	4	A 5	Utility Expense	\$ 4,086,101	\$ 0	\$ 4,086,101
	2	4	A 6	Malpractice Insurance Expense	\$ 0	\$ 0	\$ 0
10	2	4	B	Gross Operating Expenses	\$ 699,050,488	\$ (10,439,141)	\$ 688,611,347
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 0	\$ 0	\$ 0
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 27,294,282	\$ 0	\$ 27,294,282
	2	4	D	Pharmacy Nonlabor Expense	\$ 3,399	\$ 0	\$ 3,399

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Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
11	2	4	E	Food Services Nonlabor Expense	\$ 962,562	\$ 1,005,474	\$ 1,968,036
12	2	4	F 1	Direct Operating—Salaries and Wages	\$ 240,088,417	\$ 18,017,674	\$ 258,106,091
	2	4	F 2	Direct Operating—Employee Benefits	\$ 75,070,229	\$ 0	\$ 75,070,229
13	2	4	F 3	Direct Operating—Other Professional Fees	\$ 6,876,732	\$ 126,116	\$ 7,002,848
	2	4	F 4	Direct Operating—Purchased Services	\$ 152,561,318	\$ 0	\$ 152,561,318
	2	4	F 5	Direct Operating—Supplies	\$ 87,214,756	\$ 0	\$ 87,214,756
14	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$ 31,376,177	\$ 31,376,177
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 20,402,380	\$ 0	\$ 20,402,380
	3	5	A 1 b	Management and Supervision—Productive Hours	312,463	0	312,463
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 61,652,656	\$ 0	\$ 61,652,656
	3	5	A 2 b	Technicians and Specialists—Productive Hours	1,433,861	0	1,433,861
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 91,650,378	\$ 0	\$ 91,650,378
	3	5	A 3 b	Registered Nurses—Productive Hours	1,424,488	0	1,424,488
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 692,141	\$ 0	\$ 692,141
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	20,258	0	20,258
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 8,152,918	\$ 0	\$ 8,152,918
	3	5	A 5 b	Aides and Orderlies—Productive Hours	342,577	0	342,577

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Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
3		5	A 6 a	Physicians (Salaried)—Productive Salaries	\$ 0	\$ 0	\$ 0
3		5	A 6 b	Physicians (Salaried)—Productive Hours	0	0	0
3		5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 675,916	\$ 0	\$ 675,916
3		5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	9,015	0	9,015
3		5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 7,764,337	\$ 0	\$ 7,764,337
3		5	A 8 b	Environmental and Food Services—Productive Hours	326,181	0	326,181
3		5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 13,864,430	\$ 0	\$ 13,864,430
3		5	A 9 b	Clerical and Other Administrative—Productive Hours	555,050	0	555,050
3		5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 5,137,408	\$ 0	\$ 5,137,408
3		5	A 10 b	Other Salaries and Wages—Productive Hours	171,300	0	171,300
3		5	A 11	Nonproductive Salaries and Wages	\$ 39,187,245	\$ 0	\$ 39,187,245
3		5	A 11	Nonproductive Hours	837,222	0	837,222
3		5	B 1	Subtotal Productive Salaries	\$ 209,992,564	\$ 0	\$ 209,992,564
3		5	B 2	Subtotal Productive Hours	4,595,193	0	4,595,193
3		5	C	Total Productive and Nonproductive Salaries	\$ 249,179,809	\$ 0	\$ 249,179,809
3		5	D	Total Productive and Nonproductive Hours	5,432,415	0	5,432,415
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							