

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

**MARIAN MEDICAL CENTER  
SANTA MARIA, CALIFORNIA  
PROVIDER NUMBER: ZZT30107H  
NATIONAL PROVIDER IDENTIFIER: 1760510937**

**FISCAL PERIOD ENDED  
JUNE 30, 2009**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Ginn Sampson  
Auditor: Xuan Wang**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 19, 2011

RoseMary Lee  
Reimbursement Manager  
CHW Southern California  
251 South Lake Avenue, 7<sup>th</sup> Floor  
Pasadena, CA 91101-2113

PROVIDER: MARIAN MEDICAL CENTER  
PROVIDER NO.: ZTZ30107H  
NATIONAL PROVIDER IDENTIFIER: 1760510937  
FISCAL PERIOD ENDED: JUNE 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 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](http://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

RoseMary Lee  
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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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** MARIAN MEDICAL CENTER  
**PROVIDER NO.** ZZT30107H  
**FISCAL PERIOD:** JULY 1, 2008 THROUGH JUNE 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)	\$ 8,991,725			\$	\$ 8,991,725
B. Deductibles and Coinsurance (Third Party Liability) (Adj 2)	\$ 83,850			\$	\$ 83,850
C. Medi-Cal Inpatient Days (Adjs 3,4,& 5)					
1. Routine (Adults & Pediatrics)	4,001				4,001
2. ICU	26				26
3. CCU					
4. Nursery	3,390				3,390
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges ** (Adj 6)		13,311			13,311
E. Total Medi-Cal Discharges** (Adj 7)		1,687			1,687
F. Total Medi-Cal Inpatient Charges (Adj 8)	\$ 38,717,864			\$	\$ 38,717,864

(The previous Section D. Average Per Diem was eliminated. This information is not needed by RDB and has been removed from the Rate Development Branch Schedules that are sent by ARAS to the provider for completion.)

\* 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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**CONTRACT PERIOD:** N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	5,816,446
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	5,108,479
3. Interest Expense:	8860, 8870	\$	2,305,005
4. Property Taxes and License Fees:	8850 and/or .83	\$	457,182
5. Utility Expense:	.77, .78, .79, and .80	\$	1,952,143
6. Malpractice Insurance Expense:	8830 and/or .81	\$	789,408
<b>B. GROSS OPERATING EXPENSES</b>	Sch 10, line 101, col. 3	\$	182,555,694
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	-
2. Professional Fees	.20	\$	6,162,653
<b>D. PHARMACY NONLABOR EXPENSES</b>	8390.37 and 8390.38	\$	5,085,991
<b>E. FOOD SERVICES NONLABOR EXPENSES</b>	8320, 8330 and 8340 and/or .42 and .43	\$	1,149,744
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	76,281,802
2. Employee Benefits	.10 - .19, .92, .96	\$	20,650,920 (was Sch 10, line 5, c)
3. Other Professional Fees	.21 - .29	\$	586,681
4. Purchased Services	.61 - .69	\$	29,186,203
5. Supplies	.31 - .36, .93, .97	\$	28,612,444
6. Other Direct Operating Expense	.85 - .90	\$	-

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** MARIAN MEDICAL CENTER  
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**FISCAL PERIOD:** JULY 1, 2008 THROUGH JUNE 30, 2009  
**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	8,662,805
b. Productive Hours			179,231
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	13,551,577
b. Productive Hours			419,865
3. Registered Nurses			
a. Productive Salaries	.02	\$	25,677,345
b. Productive Hours			582,513
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	2,393,327
b. Productive Hours			93,222
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	3,577,681
b. Productive Hours			216,963
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			-
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	-
b. Productive Hours			-
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	2,196,006
b. Productive Hours			153,741
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	6,215,891
b. Productive Hours			372,836
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,673,514
b. Productive Hours			71,596
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	9,646,199
b. Productive Hours	Report or Provider W/P		331,496
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>63,948,146</u>
2. Productive Hours (lines 1b - 10b)			<u>2,089,967</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>73,594,345</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>2,421,463</u></b>

**AUDIT ADJUSTMENTS**

Provider: MARIAN MEDICAL CENTER		Provider No. ZZT30107H	Fiscal Period: JULY 1, 2008 THROUGH JUNE 30, 2009	No. of Adjs: 8
Report Reference		Explanation of Audit Adjustments		
Adj. No.	Form	Page	Line	
				<b>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</b>
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract \$ 9,043,166
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract \$ -
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract 3,884
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract 23
5	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract 3,291
6	A&I-2	1	D	Total Hospital Discharges -
7	A&I-2	1	E	Total Medi-Cal Discharges - Acute - Noncontract 1,742
8	A&I-2	1	F	Total Medi-Cal Inpatient Charges - Noncontract \$ 35,288,762
				Increase (Decrease) \$ 8,991,725
				\$ 83,850
				117
				3
				99
				13,311
				(55)
				\$ 3,429,102
				\$ 38,717,864

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

