

**APPEAL RECOMPUTATION  
ON THE AUDIT OF  
RATE DEVELOPMENT SCHEDULES**

**KINDRED HOSPITAL – LA MIRADA  
LA MIRADA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1033294723**

**FISCAL PERIOD ENDED  
AUGUST 31, 2009**

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

**Section Chief: Margaret A. Varho  
Audit Supervisor: Lan Nguyen  
Auditor: Monique Nguyen**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Date: August 26, 2013

Stephen M. Smith  
Corporate Manager of Reimbursement  
Kindred Healthcare, Inc.  
680 South Fourth Street  
Louisville, KY 40202

In the Matter of:

KINDRED HOSPITAL – LA MIRADA  
NATIONAL PROVIDER IDENTIFIER (NPI) 1033294723  
FISCAL PERIOD ENDED AUGUST 31, 2009  
CASE/APPEAL NUMBER HA13-0809-529D-DB

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 limited review.

In our opinion, the revised data presented in the Rate Development Schedules represents a proper determination of revised cost, patient days, and direct labor cost in accordance with applicable programs.

This audit report includes the:

1. Rate Development Schedules
2. Revised 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](http://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

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—Santa Ana at (714) 558-4434.

***(Original signed by Margaret A. Varho)***

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

Certified

cc: David Berger, Hearing Auditor  
Department of Health Care Services  
Office of Administrative Hearings and Appeals  
1029 J Street, Suite 200  
Sacramento, CA 95814

## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>KINDRED HOSPITAL - LA MIRADA</b>
<b>NPI</b>	<b>1033294723</b>
<b>FISCAL PERIOD</b>	<b>SEPTEMBER 01, 2008 THROUGH AUGUST 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	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) (Rev 1)	\$ 1,705,746	\$	\$ 1,705,746
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Rev )	\$ 78,416	\$	\$ 78,416
C. Medi-Cal Inpatient Days (Rev ) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	994		994
2. ICU	191		191
3. CCU			
4. Nursery			
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges *** (Rev )	2,365	N/A	2,365
E. Total Medi-Cal Discharges*** (Rev )	27		27
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Rev 1)	\$ 9,113,827	\$	\$ 9,113,827

\* Data for NF or Administrative Days are not included.

\*\* The Audited Net Cost of Covered Services is Net of Deductibles and Coinsurance and is from a source different than used on the filed report.

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

## RATE DEVELOPMENT SCHEDULES

<b>PROVIDER NAME</b>	<b>KINDRED HOSPITAL - LA MIRADA</b>
<b>NPI</b>	<b>1033294723</b>
<b>FISCAL PERIOD</b>	<b>SEPTEMBER 01, 2008 THROUGH AUGUST 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense: (Rev )	8810 - 8813, and/or .71, .72, .73 and .74	\$	1,595,324
2. Rent and Lease Expense: (Rev )	8820-8822, and/or .75 and .76	\$	2,188,630
3. Interest Expense: (Rev )	8860, 8870	\$	
4. Property Taxes and License Fees: (Rev )	8850 and/or .83	\$	458,109
5. Utility Expense: (Rev )	.77, .78, .79, and .80	\$	1,152,978
6. Malpractice Insurance Expense: (Rev )	8830 and/or .81	\$	497,812
<b>B. GROSS OPERATING EXPENSES</b> (Rev )	Sch 10, line 101, col. 3	\$	79,936,788
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Rev )	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Rev )	.20	\$	1,431,405
<b>D. PHARMACY NONLABOR EXPENSE</b> (Rev )	8390.37 and 8390.38	\$	2,816,834
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Rev )	8320, 8330 and 8340 and/or .42 and .43	\$	622,407
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	36,770,808
2. Employee Benefits	.10 - .19, .92, .96	\$	5,775,868
3. Other Professional Fees	.21 - .29	\$	19,580
4. Purchased Services	.61 - .69	\$	2,288,907
5. Supplies (Rev)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	3,613,635
6. Other Direct Operating Expense	.85 - .90	\$	

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<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Rev )			
a. Productive Salaries	.00	\$	6,660,426
b. Productive Hours			137,566
2. Technicians and Specialists (Rev )			
a. Productive Salaries	.01	\$	3,061,750
b. Productive Hours			80,572
3. Registered Nurses (Rev )			
a. Productive Salaries	.02	\$	12,773,448
b. Productive Hours			301,529
4. Licensed Vocational Nurses (Rev )			
a. Productive Salaries	.03	\$	3,932,508
b. Productive Hours			137,478
5. Aides and Orderlies (Rev )			
a. Productive Salaries	.04	\$	2,185,633
b. Productive Hours			121,424
6. Physicians (Salaried) (Rev )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Rev )			
a. Productive Salaries	.08	\$	
b. Productive Hours			
8. Environmental and Food Services (Rev )			
a. Productive Salaries	.06	\$	1,842,614
b. Productive Hours			140,174
9. Clerical and Other Administrative (Rev )			
a. Productive Salaries	.05	\$	1,379,319
b. Productive Hours			81,452
10. Other Salaries and Wages (Rev )			
a. Productive Salaries	.09	\$	1,705,223
b. Productive Hours			73,894
11. All Nonproductive Salaries and Wages (Rev )			
a. Nonproductive Salaries	Labor Distribution	\$	3,413,616
b. Nonproductive Hours	Report or Provider W/P		105,635
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>33,540,921</u>
2. Productive Hours (lines A1b - A10b)			<u>1,074,089</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>36,954,537</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>1,179,724</u></b>

Provider Name				Fiscal Period	NPI	Revision	
KINDRED HOSPITAL - LA MIRADA				SEPTEMBER 01, 2008 THROUGH AUGUST 31, 2009	1033294723	1	
Report References				Explanation of Revised Adjustment	Audited	Increase (Decrease)	Revised
Rev. No.	Audit Report Page	RD Schedule Page Line					
<b><u>REVISION TO RATE DEVELOPMENT SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 1,176,634	\$ 529,112	\$ 1,705,746
	1	3	F	Total Medi-Cal Inpatient Charges	4,742,900	4,370,927	9,113,827
				To adjust the Rate Development Schedules to agree with revised adjustment from appeal issue 1.			

Provider Name				Fiscal Period	NPI	Revision	
KINDRED HOSPITAL - LA MIRADA				SEPTEMBER 01, 2008 THROUGH AUGUST 31, 2009	1033294723	1	
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