

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

**KAISER FOUNDATION HOSPITALS—HARBOR CITY
HARBOR CITY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1336294040**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Patricia M. Fox
Audit Supervisor: Woosung Lee
Auditor: Elisa Diaz**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 2, 2013

Administrator
Kaiser Foundation Hospitals—Harbor City
25825 South Vermont
Harbor City, CA 90710

KAISER FOUNDATION HOSPITALS—HARBOR CITY
NATIONAL PROVIDER IDENTIFIER (NPI) 1336294040
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 limited review.

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:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

Administrator
Page 2

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—San Diego at (619) 688-3200.

Originally signed by:

Patricia M. Fox, Chief
Audits Section—San Diego
Financial Audits Branch

Certified

cc: Rose M. Lee
Finance Director
National Medicare and Medicaid Finance
393 E. Walnut Street
Pasadena, CA 91188

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME KAISER FOUNDATION HOSPITALS—HARBOR CITY
NPI 1336294040
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)	\$ 480,556		\$		\$ 480,556
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj. 2)	\$ 20,837		\$		\$ 20,837
C. Medi-Cal Inpatient Days (Adjs. 3-5) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	267				267
2. ICU	38				38
3. CCU					
4. Nursery	23				23
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges*** (Adj. 6)	N/A		N/A		13,062
E. Total Medi-Cal Discharges*** (Adj. 7)		110			110
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj. 8)	\$ 759,097		\$		\$ 759,097

* 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

PROVIDER NAME	KAISER FOUNDATION HOSPITALS—HARBOR CITY
NPI	1336294040
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	16,640,293
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	5,289,485
3. Interest Expense: (Adj. 9)	8860, 8870	\$	0
4. Property Taxes and License Fees:	8850 and/or .83	\$	185,915
5. Utility Expense:	.77, .78, .79, and .80	\$	2,587,114
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,174,985
B. GROSS OPERATING EXPENSES (Adj. 10)	Sch 10, line 101, col. 3	\$	266,154,046
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	385,381
2. Professional Fees	.20	\$	0
D. PHARMACY NONLABOR EXPENSE	8390.37 and 8390.38	\$	4,972,434
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	\$	1,006,364
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	91,198,596
2. Employee Benefits	.10 - .19, .92, .96	\$	34,755,333
3. Other Professional Fees	.21 - .29	\$	266,867
4. Purchased Services (Adj. 11)	.61 - .69	\$	85,373,435
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	20,720,995
6. Other Direct Operating Expense (Adj. 12)	.85 - .90	\$	1,840,185

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	KAISER FOUNDATION HOSPITALS—HARBOR CITY
NPI	1336294040
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	7,555,015
b. Productive Hours			148,079.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	7,599,330
b. Productive Hours			149,153.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	36,480,311
b. Productive Hours			452,067.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	616,107
b. Productive Hours			7,138.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,899,939
b. Productive Hours			74,075.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	385,381
b. Productive Hours			11,848.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	0
b. Productive Hours			0.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	5,780,860
b. Productive Hours			161,901.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	9,675,515
b. Productive Hours			242,193.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	2,092,635
b. Productive Hours			63,413.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	12,016,959
b. Nonproductive Hours	Report or Provider W/P		896,008.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>73,085,093</u>
2. Productive Hours (lines A1b - A10b)			<u>1,309,867.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>85,102,052</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>2,205,875.00</u>

Provider Name				Fiscal Period		NPI	Adjustments
KAISER FOUNDATION HOSPITALS—HARBOR CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1336294040	12
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	\$ 695,326	\$ (214,770)	\$ 480,556
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 10,052	10,785	\$ 20,837
	1	3	B	Deductibles and Coinsurance—Contract	\$		\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	161	106	267
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	40	(2)	38
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	18	5	23
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract			
	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			

Provider Name				Fiscal Period		NPI	Adjustments
KAISER FOUNDATION HOSPITALS—HARBOR CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1336294040	12
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
6	1	3	D	Total Hospital Discharges	12,269	793	13,062
7	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	104	6	110
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
8	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,202,702	\$ (443,605)	\$ 759,097
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 16,640,293	\$	\$ 16,640,293
	2	4	A 2	Rent and Lease Expense	\$ 5,289,485	\$	\$ 5,289,485
9	2	4	A 3	Interest Expense	\$ 3,347,975	\$ (3,347,975)	\$ \$0
	2	4	A 4	Property Taxes and License Fees	\$ 185,915	\$	\$ 185,915
	2	4	A 5	Utility Expense	\$ 2,587,114	\$	\$ 2,587,114
	2	4	A 6	Malpractice Insurance Expense	\$ 1,174,985	\$	\$ 1,174,985
10	2	4	B	Gross Operating Expenses	\$ 289,212,531	\$ (23,058,485)	\$ 266,154,046
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 385,381	\$	\$ 385,381
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 4,972,434	\$	\$ 4,972,434

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—HARBOR CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1336294040	12	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
	2	4	E	Food Services Nonlabor Expense	\$ 1,006,364	\$	\$ 1,006,364
	2	4	F 1	Direct Operating—Salaries and Wages	\$ 91,198,596	\$	\$ 91,198,596
	2	4	F 2	Direct Operating—Employee Benefits	\$ 34,755,333	\$	\$ 34,755,333
	2	4	F 3	Direct Operating—Other Professional Fees	\$ 266,867	\$	\$ 266,867
11	2	4	F 4	Direct Operating—Purchased Services	\$ 104,840,608	\$ (19,467,173)	\$ 85,373,435
	2	4	F 5	Direct Operating—Supplies	\$ 20,720,995	\$	\$ 20,720,995
12	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$ 1,840,185	\$ 1,840,185
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 7,555,015	\$	\$ 7,555,015
	3	5	A 1 b	Management and Supervision—Productive Hours	148,079		148,079
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 7,599,330	\$	\$ 7,599,330
	3	5	A 2 b	Technicians and Specialists—Productive Hours	149,153		149,153
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 36,480,311	\$	\$ 36,480,311
	3	5	A 3 b	Registered Nurses—Productive Hours	452,067		452,067
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 616,107	\$	\$ 616,107
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	7,138		7,138
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 2,899,939	\$	\$ 2,899,939
	3	5	A 5 b	Aides and Orderlies—Productive Hours	74,075		74,075

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—HARBOR CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1336294040	12	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line				
3	5	A 6 a	Physicians (Salaried)—Productive Salaries	\$ 385,381	\$	\$ 385,381	
3	5	A 6 b	Physicians (Salaried)—Productive Hours	11,848		11,848	
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$	\$	\$	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours				
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 5,780,860	\$	\$ 5,780,860	
3	5	A 8 b	Environmental and Food Services—Productive Hours	161,901		161,901	
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 9,675,515	\$	\$ 9,675,515	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	242,193		242,193	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 2,092,635	\$	\$ 2,092,635	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	63,413		63,413	
3	5	A 11	Nonproductive Salaries and Wages	\$ 12,016,959	\$	\$ 12,016,959	
3	5	A 11	Nonproductive Hours	896,008		896,008	
3	5	B 1	Subtotal Productive Salaries	\$ 73,085,093	\$	\$ 73,085,093	
3	5	B 2	Subtotal Productive Hours	1,309,867		1,309,867	
3	5	C	Total Productive and Nonproductive Salaries	\$ 85,102,052	\$	\$ 85,102,052	
3	5	D	Total Productive and Nonproductive Hours	2,205,875		2,205,875	
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							