

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

**KAISER FOUNDATION HOSPITAL—PANORAMA CITY  
PANORAMA CITY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1376698043**

**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: Kate Vvedenskaya**



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—Panorama City  
13652 Cantara Street  
Panorama City, CA 91402

KAISER FOUNDATION HOSPITALS—PANORAMA CITY  
NATIONAL PROVIDER IDENTIFIER (NPI) 1376698043  
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](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

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—PANORAMA CITY  
**NPI** 1376698043  
**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)	\$ 814,601		\$		\$ 814,601
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 16,933		\$		\$ 16,933
C. Medi-Cal Inpatient Days (Adjs. 3-6) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	326				326
2. ICU	126				126
3. CCU					
4. Nursery	32				32
5. NICU	2				2
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges*** (Adj 7)	N/A		N/A		14,518
E. Total Medi-Cal Discharges*** (Adj 8)		166			166
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 9)	\$ 1,146,513		\$		\$ 1,146,513

\* 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>KAISER FOUNDATION HOSPITALS—PANORAMA CITY</b>
<b>NPI</b>	<b>1376698043</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2009 THROUGH DECEMBER 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	19,479,005
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	6,582,504
3. Interest Expense: (Adj 10)	8860, 8870	\$	0
4. Property Taxes and License Fees:	8850 and/or .83	\$	354,362
5. Utility Expense:	.77, .78, .79, and .80	\$	3,513,381
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,234,908
<b>B. GROSS OPERATING EXPENSES</b> (Adj 11)	Sch 10, line 101, col. 3	\$	261,062,788
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	
<b>D. PHARMACY NONLABOR EXPENSE</b>	8390.37 and 8390.38	\$	3,826,773
<b>E. FOOD SERVICES NONLABOR EXPENSE</b>	8320, 8330 and 8340 and/or .42 and .43	\$	1,063,407
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	94,745,885
2. Employee Benefits	.10 - .19, .92, .96	\$	35,919,573
3. Other Professional Fees	.21 - .29	\$	9,436
4. Purchased Services (Adj 12)	.61 - .69	\$	61,481,353
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	15,492,766
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** KAISER FOUNDATION HOSPITALS—PANORAMA CITY  
**NPI** 1376698043  
**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	\$	8,688,408
b. Productive Hours			164,277.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,702,042
b. Productive Hours			216,315.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	40,504,592
b. Productive Hours			507,857.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,000,480
b. Productive Hours			15,207.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,733,037
b. Productive Hours			80,200.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	3,238
b. Productive Hours			36.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	7,873,767
b. Productive Hours			229,758.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	8,746,270
b. Productive Hours			213,414.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	2,511,842
b. Productive Hours			75,701.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	12,043,646
b. Nonproductive Hours	Report or Provider W/P		955,982.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>82,763,676</u>
2. Productive Hours (lines A1b - A10b)			<u>1,502,765.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>94,807,322</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,458,747.00</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—PANORAMA CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1376698043	12	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 1,033,689	\$ (219,088)	\$ 814,601
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 7,616	\$ 9,317	\$ 16,933
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	194	132	326
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	65	61	126
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract	0	0	
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	31	1	32
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract			
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	0	2	2
	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—PANORAMA CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1376698043	12
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
7	1	3	D	Total Hospital Discharges	14,359	159	14,518
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	137	29	166
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,473,234	\$ (326,721)	\$ 1,146,513
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
	2	4	A 1	Depreciation Expense	\$ 19,479,005	\$	\$ 19,479,005
	2	4	A 2	Rent and Lease Expense	\$ 6,582,504	\$	\$ 6,582,504
10	2	4	A 3	Interest Expense	\$ 3,518,710	\$ (3,518,710)	\$ 0
	2	4	A 4	Property Taxes and License Fees	\$ 354,362	\$	\$ 354,362
	2	4	A 5	Utility Expense	\$ 3,513,381	\$	\$ 3,513,381
	2	4	A 6	Malpractice Insurance Expense	\$ 1,234,908	\$	\$ 1,234,908
11	2	4	B	Gross Operating Expenses	\$ 266,963,095	\$ (5,900,307)	\$ 261,062,788
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 0	\$	\$
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 0	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 3,826,773	\$	\$ 3,826,773

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—PANORAMA CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1376698043	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	\$ 1,063,407	\$	\$ 1,063,407
	2	4	F 1	Direct Operating—Salaries and Wages	\$ 94,745,885	\$	\$ 94,745,885
	2	4	F 2	Direct Operating—Employee Benefits	\$ 35,919,573	\$	\$ 35,919,573
	2	4	F 3	Direct Operating—Other Professional Fees	\$ 9,436	\$	\$ 9,436
12	2	4	F 4	Direct Operating—Purchased Services	\$ 81,941,282	\$ (20,459,929)	\$ 61,481,353
	2	4	F 5	Direct Operating—Supplies	\$ 15,492,766	\$	\$ 15,492,766
	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$	\$
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 8,688,408	\$	\$ 8,688,408
	3	5	A 1 b	Management and Supervision—Productive Hours	164,277		164,277
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 10,702,042	\$	\$ 10,702,042
	3	5	A 2 b	Technicians and Specialists—Productive Hours	216,315		216,315
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 40,504,592	\$	\$ 40,504,592
	3	5	A 3 b	Registered Nurses—Productive Hours	507,857		507,857
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 1,000,480	\$	\$ 1,000,480
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	15,207		15,207
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 2,733,037	\$	\$ 2,733,037
	3	5	A 5 b	Aides and Orderlies—Productive Hours	80,200		80,200

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—PANORAMA CITY				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1376698043	12	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule					
		Page	Line				
3	5	A 6 a	Physicians (Salaried)—Productive Salaries	\$		\$	
3	5	A 6 b	Physicians (Salaried)—Productive Hours				
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$	3,238	\$	\$ 3,238
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours		36		36
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$	7,873,767	\$	\$ 7,873,767
3	5	A 8 b	Environmental and Food Services—Productive Hours		229,758		229,758
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$	8,746,270	\$	\$ 8,746,270
3	5	A 9 b	Clerical and Other Administrative—Productive Hours		213,414		213,414
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$	2,511,842	\$	\$ 2,511,842
3	5	A 10 b	Other Salaries and Wages—Productive Hours		75,701		75,701
3	5	A 11	Nonproductive Salaries and Wages	\$	12,043,646	\$	\$ 12,043,646
3	5	A 11	Nonproductive Hours		955,982		955,982
3	5	B 1	Subtotal Productive Salaries	\$	82,763,676	\$	\$ 82,763,676
3	5	B 2	Subtotal Productive Hours		1,502,765		1,502,765
3	5	C	Total Productive and Nonproductive Salaries	\$	94,807,322	\$	\$ 94,807,322
3	5	D	Total Productive and Nonproductive Hours		2,458,747		2,458,747
To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536							