

**REPORT
ON THE AUDIT OF
RATE DEVELOPMENT BRANCH SCHEDULES
LANCASTER COMMUNITY HOSPITAL
LANCASTER, CALIFORNIA
PROVIDER NUMBERS: HSP 30204G / NPI 1508856535
FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Celia Avina
Auditor: Lisa Ni**



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



EMUND G. BROWN JR
Governor

October 28, 2011

Kurt Broten
Chief Financial Officer
Palmdale Regional Medical Center
38600 Medical Center Drive
Palmdale, CA 93551

PROVIDER: LANCASTER COMMUNITY HOSPITAL
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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 limited review.

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.

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 95814-2825
(916) 322-5603

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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) 440-7700

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

cc: Carole A. DeSmedt
Area Reimbursement Manager - Western Region
Universal Health Services, Inc.
367 South Gulph Road
King of Prussia, PA 19406-0958

RATE DEVELOPMENT WORKSHEETS

PROVIDER: LANCASTER COMMUNITY HOSPITAL
PROVIDER NOS. HSP 30204G / NPI 1508856535
FISCAL PERIOD: JANUARY 1, 2009 THROUGH DECEMBER 31, 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)	\$ 4,821,376		\$ N/A		\$ 4,821,376
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 87,224		\$ N/A		\$ 87,224
C. Medi-Cal Inpatient Days (Adj. 3, 4)					
1. Routine (Adults & Pediatrics)	1,728		N/A		1,728
2. ICU	502		N/A		502
3. CCU					
4. Nursery					
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. 5)	N/A		N/A		6,098
E. Total Medi-Cal Discharges (Adj. 6)	501		N/A		501
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 25,061,348		\$ N/A		\$ 25,061,348

RATE DEVELOPMENT WORKSHEETS

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FISCAL PERIOD: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD: N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	3,330,255
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	1,810,012
3. Interest Expense:	8860, 8870	\$	1,208,987
4. Property Taxes and License Fees:	8850 and/or .83	\$	1,217,604
5. Utility Expense:	.77, .78, .79, and .80	\$	609,904
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,322,913
 B. GROSS OPERATING EXPENSES	 W/S A, line 101, col. 3	 \$	 85,349,956
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	716,414
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 3,016,225
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 1,297,294
 F. DIRECT OPERATING COSTS			
1. Salaries and Wages (Adj. 8)	.00 - .09, .91, .95	\$	29,866,749
2. Employee Benefits (Adj. 9)	.10 - .19, .92, .96	\$	8,581,963
3. Other Professional Fees	.21 - .29	\$	1,884,743
4. Purchased Services	.61 - .69	\$	12,599,433
5. Supplies	.31 - .36, .93, .97	\$	16,631,729

RATE DEVELOPMENT WORKSHEETS

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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	\$	4,849,976
b. Productive Hours			117,591.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,794,376
b. Productive Hours			317,835.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	7,383,790
b. Productive Hours			191,973.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	938,447
b. Productive Hours			42,978.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	709,983
b. Productive Hours			54,708.00
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	\$	
b. Productive Hours			
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,847,340
b. Productive Hours			114,553.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	428,286
b. Productive Hours			23,286.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	4,516,550
b. Productive Hours	Report or Provider W/P		534,894.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>26,952,198</u>
2. Productive Hours (lines 1b - 10b)			<u>862,924.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>31,468,748</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>1,397,818.00</u>

AUDIT ADJUSTMENTS

Provider: LANCASTER COMMUNITY HOSPITAL		Provider No. HSP 30204G	Fiscal Period: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	No. of Adjs: 9
Report Reference		Explanation of Audit Adjustments		
Adj. No.	Form	Page	Line	
				<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract \$ 2,557,716 \$ 2,263,660 \$ 4,821,376
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract \$ 54,172 \$ 33,052 \$ 87,224
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract 1,164 564 1,728
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract 284 218 502
5	A&I-2	1	D	Total Hospital Discharges 5,905 193 6,098
6	A&I-2	1	E	Total Medi-Cal Discharges - Acute - Noncontract 421 80 501
7	A&I-2	1	F	Total Medi-Cal Inpatient Charges - Noncontract \$ 11,807,685 \$ 13,253,663 \$ 25,061,348
8	A&I-2	2	F-1	Direct Operating - Salaries and Wages \$ 32,805,200 \$ (2,938,451) \$ 29,866,749
9	A&I-2	2	F-2	Direct Operating - Employee Benefits \$ 5,643,508 \$ 2,938,455 \$ 8,581,963
<p>To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records. Title 22, CCR, Section 51536</p>				

