REPORT
ON THE AUDIT OF
RATE DEVELOPMENT SCHEDULES

KAISER FOUNDATION HOSPITALS—BALDWIN PARK
BALDWIN PARK, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1477608271

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: James Conklin

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

May 2, 2013

Administrator
Kaiser Foundation Hospitals—Baldwin Park
1011 Baldwin Park Boulevard
Baldwin Park, CA 91706

KAISER FOUNDATION HOSPITALS—BALDWIN PARK
NATIONAL PROVIDER IDENTIFIER (NPI) 1477608271
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

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—BALDWIN PARK**
NPI	**1477608271**
FISCAL PERIOD	**JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**
CONTRACT PERIOD	**NA**

ACUTE CARE ONLY*	Noncontract Cost Services	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
A. Medi-Cal Net Cost of Covered** Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Schedule 1, Line 1) (Adj 1)	$ 432,404	$	$ 432,404
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	$ 9,668	$	$ 9,668
C. Medi-Cal Inpatient Days (Adj 3,4,5) (Schedules 4 and 4A)			
1. Routine (Adults and Pediatrics)	216		216
2. ICU	32		32
3. CCU			
4. Nursery	62		62
5. NICU			
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges*** (Adj 6)	N/A	N/A	15,570
E. Total Medi-Cal Discharges*** (Adj 7)	94		94
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 8)	$ 654,367	$	$ 654,367

* 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—BALDWIN PARK**
NPI	**1477608271**
FISCAL PERIOD	**JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**
CONTRACT PERIOD	**NA**

	REFERENCE		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	$	10,583,502
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	$	4,243,830
3. Interest Expense: (Adj 9)	8860, 8870	$	0
4. Property Taxes and License Fees:	8850 and/or .83	$	348,419
5. Utility Expense:	.77, .78, .79, and .80	$	3,482,339
6. Malpractice Insurance Expense:	8830 and/or .81	$	1,277,296
B. GROSS OPERATING EXPENSES (Adj 10)	Sch 10, line 101, col. 3	$	256,647,422
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	$	
2. Professional Fees	.20	$	
D. PHARMACY NONLABOR EXPENSE	8390.37 and 8390.38	$	28,420,784
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	$	1,441,919
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	$	87,678,117
2. Employee Benefits	.10 - .19, .92, .96	$	34,707,161
3. Other Professional Fees	.21 - .29	$	7,759
4. Purchased Services (Adj 11)	.61 - .69	$	85,521,579
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	$	21,726,511
6. Other Direct Operating Expense (Adj 12)	.85 - .90	$	2,661,615

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	**KAISER FOUNDATION HOSPITALS—BALDWIN PARK**
NPI	**1477608271**
FISCAL PERIOD	**JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**
CONTRACT PERIOD	**NA**

A. DIRECT PAYROLL COSTS (Totals)	REFERENCE		
1. Management and Supervision			
a. Productive Salaries	.00	$	7,094,605
b. Productive Hours			134,154.00
2. Technicians and Specialists			
a. Productive Salaries	.01	$	5,803,699
b. Productive Hours			109,728.00
3. Registered Nurses			
a. Productive Salaries	.02	$	35,960,020
b. Productive Hours			407,688.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	$	1,203,335
b. Productive Hours			19,630.00
5. Aides and Orderlies			
a. Productive Salaries	.04	$	1,190,914
b. Productive Hours			31,999.00
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	$	6,419,688
b. Productive Hours			176,884.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	$	8,579,238
b. Productive Hours			192,289.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	$	3,162,514
b. Productive Hours			89,392.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	$	10,879,121
b. Nonproductive Hours	Report or Provider W/P		926,002.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		$	69,414,013
2. Productive Hours (lines A1b - A10b)			1,161,764.00
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		$	80,293,134
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			2,087,766.00

Provider Name	Fiscal Period	NPI	Adjustments
KAISER FOUNDATION HOSPITALS—BALDWIN PARK	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1477608271	12

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
				ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES			
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	$ 508,956	$ (76,552)	$ 432,404
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	$	$	$
2	1	3	B	Deductibles and Coinsurance—Noncontract	$ 4,128	$ 5,540	$ 9,668
	1	3	B	Deductibles and Coinsurance—Contract	$	$	$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	130	86	216
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	18	14	32
	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	44	62
	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—BALDWIN PARK	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1477608271	12

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
6	1	3	D	Total Hospital Discharges	15,487	83	15,570
7	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	68	26	94
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
8	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	$ 668,354	$ (13,987)	$ 654,367
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	$	$	$
	2	4	A 1	Depreciation Expense	$ 10,583,502	$	$ 10,583,502
	2	4	A 2	Rent and Lease Expense	$ 4,243,830	$	$ 4,243,830
9	2	4	A 3	Interest Expense	$ 3,639,479	$ (3,639,479)	$ 0
	2	4	A 4	Property Taxes and License Fees	$ 348,419	$	$ 348,419
	2	4	A 5	Utility Expense	$ 3,482,339	$	$ 3,482,339
	2	4	A 6	Malpractice Insurance Expense	$ 1,277,296	$	$ 1,277,296
10	2	4	B	Gross Operating Expenses	$ 306,902,465	$ (50,255,043)	$ 256,647,422
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	$	$	$
	2	4	C 2	Student and Physicians Compensation—Professional Fees	$	$	$
	2	4	D	Pharmacy Nonlabor Expense	$ 28,420,784	$	$ 28,420,784

Provider Name	Fiscal Period	NPI	Adjustments
KAISER FOUNDATION HOSPITALS—BALDWIN PARK	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1477608271	12

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
	2	4	E	Food Services Nonlabor Expense	$ 1,441,919	$	$ 1,441,919
	2	4	F 1	Direct Operating—Salaries and Wages	$ 87,678,117	$	$ 87,678,117
	2	4	F 2	Direct Operating—Employee Benefits	$ 34,707,161	$	$ 34,707,161
	2	4	F 3	Direct Operating—Other Professional Fees	$ 7,759	$	$ 7,759
11	2	4	F 4	Direct Operating—Purchased Services	$ 106,683,735	$ (21,162,156)	$ 85,521,579
	2	4	F 5	Direct Operating—Supplies	$ 21,726,511	$	$ 21,726,511
12	2	4	F 6	Direct Operating—Other Direct Operating Expense	$ 0	$ 2,661,615	$ 2,661,615
	3	5	A 1 a	Management and Supervision—Productive Salaries	$ 7,094,605	$	$ 7,094,605
	3	5	A 1 b	Management and Supervision—Productive Hours	134,154		134,154
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	$ 5,803,699	$	$ 5,803,699
	3	5	A 2 b	Technicians and Specialists—Productive Hours	109,728		109,728
	3	5	A 3 a	Registered Nurses—Productive Salaries	$ 35,960,020	$	$ 35,960,020
	3	5	A 3 b	Registered Nurses—Productive Hours	407,688		407,688
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	$ 1,203,335	$	$ 1,203,335
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	19,630		19,630
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	$ 1,190,914	$	$ 1,190,914
	3	5	A 5 b	Aides and Orderlies—Productive Hours	31,999		31,999

Provider Name	Fiscal Period	NPI	Adjustments
KAISER FOUNDATION HOSPITALS—BALDWIN PARK	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1477608271	12

Report References							
Adj. No.	Audit Report Page	RD Schedule Page	RD Schedule Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
	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	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours			
	3	5	A 8 a	Environmental and Food Services—Productive Salaries	$ 6,419,688	$	$ 6,419,688
	3	5	A 8 b	Environmental and Food Services—Productive Hours	176,884		176,884
	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	$ 8,579,238	$	$ 8,579,238
	3	5	A 9 b	Clerical and Other Administrative—Productive Hours	192,289		192,289
	3	5	A 10 a	Other Salaries and Wages—Productive Salaries	$ 3,162,514	$	$ 3,162,514
	3	5	A 10 b	Other Salaries and Wages—Productive Hours	89,392		89,392
	3	5	A 11	Nonproductive Salaries and Wages	$ 10,879,121	$	$ 10,879,121
	3	5	A 11	Nonproductive Hours	926,002		926,002
	3	5	B 1	Subtotal Productive Salaries	$ 69,414,013	$	$ 69,414,013
	3	5	B 2	Subtotal Productive Hours	1,161,764		1,161,764
	3	5	C	Total Productive and Nonproductive Salaries	$ 80,293,134	$	$ 80,293,134
	3	5	D	Total Productive and Nonproductive Hours	2,087,766		2,087,766

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