

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

**KAISER FOUNDATION HOSPITALS—ANAHEIM  
ANAHEIM, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1144375056**

**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**



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—Anaheim  
441 North Lakeview Avenue  
Anaheim, CA 92807

KAISER FOUNDATION HOSPITALS—ANAHEIM  
NATIONAL PROVIDER IDENTIFIER (NPI) 1144375056  
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 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

Administrator  
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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

**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—ANAHEIM  
**NPI** 1144375056  
**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)	\$ 552,502		\$		\$ 552,502
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ (5,832)		\$		\$ (5,832)
C. Medi-Cal Inpatient Days (Adj 3,4) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	313				313
2. ICU	20				20
3. CCU					
4. Nursery	108				108
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges*** (Adj 5)	N/A		N/A		23,909
E. Total Medi-Cal Discharges*** (Adj 6)		68			68
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 7)	\$ 1,101,190		\$		\$ 1,101,190

\* 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—ANAHEIM</b>
<b>NPI</b>	<b>1144375056</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: (Adj 8)	8810 - 8813, and/or .71, .72, .73 and .74	\$	9,601,948
2. Rent and Lease Expense: (Adj 9)	8820-8822, and/or .75 and .76	\$	2,541,767
3. Interest Expense: (Adj 10)	8860, 8870	\$	
4. Property Taxes and License Fees: (Adj 11)	8850 and/or .83	\$	232,628
5. Utility Expense: (Adj 12)	.77, .78, .79, and .80	\$	1,473,124
6. Malpractice Insurance Expense:	8830 and/or .81	\$	2,227,654
<b>B. GROSS OPERATING EXPENSES</b> (Adj 13)	Sch 10, line 101, col. 3	\$	416,019,743
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	46,665
2. Professional Fees	.20	\$	
<b>D. PHARMACY NONLABOR EXPENSE</b> (Adj 14)	8390.37 and 8390.38	\$	3,669,910
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Adj 15)	8320, 8330 and 8340 and/or .42 and .43	\$	946,689
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages (Adj 16)	.00 - .09, .91, .95	\$	75,013,329
2. Employee Benefits (Adj 17)	.10 - .19, .92, .96	\$	29,732,769
3. Other Professional Fees (Adj 18)	.21 - .29	\$	73,129
4. Purchased Services (Adj 19)	.61 - .69	\$	95,945,134
5. Supplies (Adj 20)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	13,535,371
6. Other Direct Operating Expense (Adj 21)	.85 - .90	\$	2,886,108

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITALS—ANAHEIM</b>
<b>NPI</b>	<b>1144375056</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2009 THROUGH DECEMBER 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>N/A</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	12,437,535
b. Productive Hours			228,991.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	16,254,274
b. Productive Hours			325,636.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	68,025,851
b. Productive Hours			869,225.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	399,010
b. Productive Hours			9,410.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	3,304,122
b. Productive Hours			89,754.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	46,665
b. Productive Hours			1,170.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	44,574
b. Productive Hours			623.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	8,561,445
b. Productive Hours			279,931.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	13,663,375
b. Productive Hours			380,409.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	3,877,440
b. Productive Hours			111,130.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	18,376,210
b. Nonproductive Hours	Report or Provider W/P		1,445,577.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	126,614,291
2. Productive Hours (lines A1b - A10b)			<u>2,296,279.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>144,990,501</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>3,741,856.00</u></b>

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—ANAHEIM				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1144375056	21	
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	\$ 736,456	\$ (183,954)	\$ 552,502
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ (2,147)	\$ (3,685)	\$ (5,832)
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	189	124	313
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	3	17	20
	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			
	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	108		108
	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—ANAHEIM				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1144375056	21	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page Line					
5	1	3	D	Total Hospital Discharges	23,668	241	23,909
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	51	17	68
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,528,610	\$ (427,420)	\$ 1,101,190
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
8	2	4	A 1	Depreciation Expense	\$ 21,861,797	\$ (12,259,849)	\$ 9,601,948
9	2	4	A 2	Rent and Lease Expense	\$ 3,987,663	\$ (1,445,896)	\$ 2,541,767
10	2	4	A 3	Interest Expense	\$ 6,347,435	\$ (6,347,435)	\$ 0
11	2	4	A 4	Property Taxes and License Fees	\$ 257,434	\$ (24,806)	\$ 232,628
12	2	4	A 5	Utility Expense	\$ 4,374,199	\$ (2,901,075)	\$ 1,473,124
	2	4	A 6	Malpractice Insurance Expense	\$ 2,227,654	\$	\$ 2,227,654
13	2	4	B	Gross Operating Expenses	\$ 420,209,814	\$ (4,190,071)	\$ 416,019,743
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 46,665	\$	\$ 46,665
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$	\$	\$
14	2	4	D	Pharmacy Nonlabor Expense	\$ 7,458,056	\$ (3,788,146)	\$ 3,669,910

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—ANAHEIM				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1144375056	21	
Report References				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Adjusted
Adj. No.	Audit Report Page	RD Schedule Page	Line				
15	2	4	E	Food Services Nonlabor Expense	\$ 1,823,761	\$ (877,072)	\$ 946,689
16	2	4	F 1	Direct Operating—Salaries and Wages	\$ 143,240,262	\$ (68,226,933)	\$ 75,013,329
17	2	4	F 2	Direct Operating—Employee Benefits	\$ 54,730,125	\$ (24,997,356)	\$ 29,732,769
18	2	4	F 3	Direct Operating—Other Professional Fees	\$ 126,992	\$ (53,863)	\$ 73,129
19	2	4	F 4	Direct Operating—Purchased Services	\$ 136,382,925	\$ (40,437,791)	\$ 95,945,134
20	2	4	F 5	Direct Operating—Supplies	\$ 32,722,586	\$ (19,187,215)	\$ 13,535,371
21	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$ 2,886,108	\$ 2,886,108
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 12,437,535	\$	\$ 12,437,535
	3	5	A 1 b	Management and Supervision—Productive Hours	228,991		228,991
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 16,254,274	\$	\$ 16,254,274
	3	5	A 2 b	Technicians and Specialists—Productive Hours	325,636		325,636
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 68,025,851	\$	\$ 68,025,851
	3	5	A 3 b	Registered Nurses—Productive Hours	869,225		869,225
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 399,010	\$	\$ 399,010
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	9,410		9,410
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 3,304,122	\$	\$ 3,304,122
	3	5	A 5 b	Aides and Orderlies—Productive Hours	89,754		89,754

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—ANAHEIM				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1144375056	21	
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	\$ 46,665	\$	\$ 46,665	
3	5	A 6 b	Physicians (Salaried)—Productive Hours	1,170		1,170	
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 44,574	\$	\$ 44,574	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	623		623	
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 8,561,445	\$	\$ 8,561,445	
3	5	A 8 b	Environmental and Food Services—Productive Hours	279,931		279,931	
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 13,663,375	\$	\$ 13,663,375	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	380,409		380,409	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 3,877,440	\$	\$ 3,877,440	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	111,130		111,130	
3	5	A 11	Nonproductive Salaries and Wages	\$ 18,376,210	\$	\$ 18,376,210	
3	5	A 11	Nonproductive Hours	1,445,577		1,445,577	
3	5	B 1	Subtotal Productive Salaries	\$ 126,614,291	\$	\$ 126,614,291	
3	5	B 2	Subtotal Productive Hours	2,296,279		2,296,279	
3	5	C	Total Productive and Nonproductive Salaries	\$ 144,990,501	\$	\$ 144,990,501	
3	5	D	Total Productive and Nonproductive Hours	3,741,856		3,741,856	
To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536							