

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

**KAISER FOUNDATION HOSPITALS—RIVERSIDE
RIVERSIDE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1306991211**

**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—Riverside
10800 Magnolia Ave
Riverside, CA 92505

KAISER FOUNDATION HOSPITALS—RIVERSIDE
NATIONAL PROVIDER IDENTIFIER (NPI) 1306991211
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
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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—RIVERSIDE
NPI 1306991211
FISCAL PERIOD JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD NA

	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)	\$ 295,390				\$ 295,390
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ (2,384)				\$ (2,384)
C. Medi-Cal Inpatient Days (Adj 3, 4) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)		164			164
2. ICU					
3. CCU					
4. Nursery		61			61
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges*** (Adj 5)		N/A		N/A	14,912
E. Total Medi-Cal Discharges*** (Adj 6)			65		65
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Adj 7)	\$ 473,015				\$ 473,015

* 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—RIVERSIDE
NPI	1306991211
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD	NA

	<u>REFERENCE</u>	
A. EXPENSE PASS-THROUGH DATA		
1. Depreciation Expense: (Adj 8)	8810 - 8813, and/or .71, .72, .73 and .74	\$ 13,138,636
2. Rent and Lease Expense: (Adj 9)	8820-8822, and/or .75 and .76	\$ 5,083,300
3. Interest Expense: (Adj 10)	8860, 8870	\$ 0
4. Property Taxes and License Fees: (Adj 11)	8850 and/or .83	\$ 292,928
5. Utility Expense: (Adj 12)	.77, .78, .79, and .80	\$ 2,463,439
6. Malpractice Insurance Expense:	8830 and/or .81	\$ 1,441,530
B. GROSS OPERATING EXPENSES (Adj 13)	Sch 10, line 101, col. 3	\$ 279,356,768
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	\$ 27,592,610
E. FOOD SERVICES NONLABOR EXPENSE	8320, 8330 and 8340 and/or .42 and .43	\$ 1,179,919
F. DIRECT OPERATING COSTS		
1. Salaries and Wages (Adj 14)	.00 - .09, .91, .95	\$ 95,844,916
2. Employee Benefits (Adj 15)	.10 - .19, .92, .96	\$ 37,698,498
3. Other Professional Fees	.21 - .29	\$ 256
4. Purchased Services (Adj 16)	.61 - .69	\$ 77,442,434
5. Supplies (Adj 17)	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 20,372,901
6. Other Direct Operating Expense (Adj 18)	.85 - .90	\$ 2,651,282

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	KAISER FOUNDATION HOSPITALS—RIVERSIDE
NPI	1306991211
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009
CONTRACT PERIOD	NA

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	7,818,906
b. Productive Hours			130,394.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	10,391,787
b. Productive Hours			211,684.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	48,635,912
b. Productive Hours			580,377.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	662,462
b. Productive Hours			16,700.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,042,365
b. Productive Hours			48,555.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	37,577
b. Productive Hours			1,445.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	849,158
b. Productive Hours			37,921.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	5,870,850
b. Productive Hours			168,517.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	7,001,865
b. Productive Hours			190,882.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	1,082,928
b. Productive Hours			35,564.00
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	10,840,681
b. Nonproductive Hours	Report or Provider W/P		972,997.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>84,393,810</u>
2. Productive Hours (lines A1b - A10b)			<u>1,422,039.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u><u>95,234,491</u></u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u><u>2,395,036.00</u></u>

Provider Name				Fiscal Period		NPI	Adjustments
KAISER FOUNDATION HOSPITALS—RIVERSIDE				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1306991211	18
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	\$ 271,096	\$ 24,294	\$ 295,390
	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$	\$	\$
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ (449)	\$ (1,935)	\$ (2,384)
	1	3	B	Deductibles and Coinsurance—Contract	\$	\$	\$
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	89	75	164
	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract			
	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract			
	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			
4	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	28	33	61
	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—RIVERSIDE				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1306991211	18
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	15,744	(832)	14,912
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	43	22	65
	1	3	E	Total Medi-Cal Discharges—Acute—Contract			
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 390,770	\$ 82,245	\$ 473,015
	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$	\$	\$
8	2	4	A 1	Depreciation Expense	\$ 13,149,065	\$ (10,429)	\$ 13,138,636
9	2	4	A 2	Rent and Lease Expense	\$ 5,158,450	\$ (75,150)	\$ 5,083,300
10	2	4	A 3	Interest Expense	\$ 4,107,460	\$ (4,107,460)	\$ 0
11	2	4	A 4	Property Taxes and License Fees	\$ 305,411	\$ (12,483)	\$ 292,928
12	2	4	A 5	Utility Expense	\$ 2,481,770	\$ (18,331)	\$ 2,463,439
	2	4	A 6	Malpractice Insurance Expense	\$ 1,441,530	\$	\$ 1,441,530
13	2	4	B	Gross Operating Expenses	\$ 320,201,114	\$ (40,844,346)	\$ 279,356,768
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 0	\$	\$
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 27,592,610	\$	\$ 27,592,610

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—RIVERSIDE				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1306991211	18	
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	\$ 1,179,919	\$	\$ 1,179,919
14	2	4	F 1	Direct Operating—Salaries and Wages	\$ 100,437,830	\$ (4,592,914)	\$ 95,844,916
15	2	4	F 2	Direct Operating—Employee Benefits	\$ 39,417,999	\$ (1,719,501)	\$ 37,698,498
	2	4	F 3	Direct Operating—Other Professional Fees	\$ 256	\$	\$ 256
16	2	4	F 4	Direct Operating—Purchased Services	\$ 101,338,350	\$ (23,895,916)	\$ 77,442,434
17	2	4	F 5	Direct Operating—Supplies	\$ 20,616,452	\$ (243,551)	\$ 20,372,901
18	2	4	F 6	Direct Operating—Other Direct Operating Expense	\$ 0	\$ 2,651,282	\$ 2,651,282
	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 7,818,906	\$	\$ 7,818,906
	3	5	A 1 b	Management and Supervision—Productive Hours	130,394		130,394
	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 10,391,787	\$	\$ 10,391,787
	3	5	A 2 b	Technicians and Specialists—Productive Hours	211,684		211,684
	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 48,635,912	\$	\$ 48,635,912
	3	5	A 3 b	Registered Nurses—Productive Hours	580,377		580,377
	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 662,462	\$	\$ 662,462
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	16,700		16,700
	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 2,042,365	\$	\$ 2,042,365
	3	5	A 5 b	Aides and Orderlies—Productive Hours	48,555		48,555

Provider Name				Fiscal Period	NPI	Adjustments	
KAISER FOUNDATION HOSPITALS—RIVERSIDE				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1306991211	18	
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	\$ 37,577	\$	\$ 37,577	
3	5	A 6 b	Physicians (Salaried)—Productive Hours	1,445		1,445	
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 849,158	\$	\$ 849,158	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	37,921		37,921	
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 5,870,850	\$	\$ 5,870,850	
3	5	A 8 b	Environmental and Food Services—Productive Hours	168,517		168,517	
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 7,001,865	\$	\$ 7,001,865	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	190,882		190,882	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 1,082,928	\$	\$ 1,082,928	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	35,564		35,564	
3	5	A 11	Nonproductive Salaries and Wages	\$ 10,840,681	\$	\$ 10,840,681	
3	5	A 11	Nonproductive Hours	972,997		972,997	
3	5	B 1	Subtotal Productive Salaries	\$ 84,353,810	\$	\$ 84,353,810	
3	5	B 2	Subtotal Productive Hours	1,422,039		1,422,039	
3	5	C	Total Productive and Nonproductive Salaries	\$ 95,194,491	\$	\$ 95,194,491	
3	5	D	Total Productive and Nonproductive Hours	2,395,036		2,395,036	
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							