

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

**KAISER FOUNDATION HOSPITAL  
– SOUTH SACRAMENTO  
SACRAMENTO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1528138088**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2009**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Gary Diffenderffer  
Auditor: Catherine Jones**



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



EDMUND G. BROWN JR.  
GOVERNOR

April 9, 2013

Rosemary Lee, MHA  
Finance Director, Hospital Reimbursement  
Kaiser Permanente Health Plan, Inc.  
National Medicare Finance  
Walnut Center, 4<sup>th</sup> Floor  
393 East Walnut Street  
Pasadena, CA 91188

AMENDED AUDIT REPORT  
KAISER FOUNDATION HOSPITALS – SOUTH SACRAMENTO  
NATIONAL PROVIDER IDENTIFIER (NPI) 1528138088  
FISCAL PERIOD ENDED DECEMBER 31, 2009

We have amended the audit report of the Rate Development Schedules for the above-referenced fiscal period. Our audit report was amended to incorporate changes to the noncontract and contract Medi-Cal data disclosed on Schedule 1. The changes were based on the Informal Appeal Report of Findings dated March 26, 2013 for the Kaiser Foundation Hospitals – South Sacramento fiscal year ended December 31, 2009.

In our opinion, the amended data presented in the Rate Development Schedules represents a proper determination of amended 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 on this amended report 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).

Rosemary Lee  
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If you disagree with the decision of the Department, you may appeal by writing to:

John Melton, 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—  
Sacramento at (916) 650-6994.

**Original Signed By**

Robert G. Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

**RATE DEVELOPMENT SCHEDULES**

**PROVIDER NAME** KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO  
**NPI** 1528138088  
**FISCAL PERIOD** JANUARY 1, 2009 THROUGH DECEMBER 31, 2009  
**CONTRACT PERIOD** JULY 1, 2009 THROUGH DECEMBER 31, 2009

	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) (Amds 1 and 2)	\$ 1,124,291		\$ 2,525,189		\$ 3,649,480
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Amds 3 and 4)	\$ 1,773		\$ 4,715		\$ 6,488
C. Medi-Cal Inpatient Days (Amds 5 - 10) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	257		424		681
2. ICU	26		99		125
3. CCU					
4. Nursery	40		16		56
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges *** (Amd )	N/A		N/A		11,646
E. Total Medi-Cal Discharges*** (Amds 11 and 12)	103		170		273
F. Total Medi-Cal Inpatient Charges (Schedule 2, Line 4) (Amds 13 and 14)	\$ 1,073,764		\$ 5,384,384		\$ 6,458,148

\* 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 HOSPITAL - SOUTH SACRAMENTO</b>
<b>NPI</b>	<b>1528138088</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2009 THROUGH DECEMBER 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>JULY 1, 2009 THROUGH DECEMBER 31, 2009</b>

	<u>REFERENCE</u>		
<b>A. EXPENSE PASS-THROUGH DATA</b>			
1. Depreciation Expense: (Amd )	8810 - 8813, and/or .71, .72, .73 and .74	\$	12,356,897
2. Rent and Lease Expense: (Amd )	8820-8822, and/or .75 and .76	\$	3,773,356
3. Interest Expense: (Amd )	8860, 8870	\$	689,780
4. Property Taxes and License Fees: (Amd )	8850 and/or .83	\$	243,400
5. Utility Expense: (Amd )	.77, .78, .79, and .80	\$	2,590,461
6. Malpractice Insurance Expense: (Amd )	8830 and/or .81	\$	584,813
<b>B. GROSS OPERATING EXPENSES</b> (Amd )	Sch 10, line 101, col. 3	\$	319,894,613
<b>C. STUDENT AND PHYSICIANS COMPENSATION</b>			
1. Salaries and Wages (include benefits) (Amd )	.07, 8210.09 - 8290.09	\$	1,420,988
2. Professional Fees (Amd )	.20	\$	
<b>D. PHARMACY NONLABOR EXPENSE</b> (Amd )	8390.37 and 8390.38	\$	4,270,704
<b>E. FOOD SERVICES NONLABOR EXPENSE</b> (Amd )	8320, 8330 and 8340 and/or .42 and .43	\$	729,513
<b>F. DIRECT OPERATING COSTS</b>			
1. Salaries and Wages	.00 - .09, .91, .95	\$	94,332,160
2. Employee Benefits	.10 - .19, .92, .96	\$	38,301,504
3. Other Professional Fees	.21 - .29	\$	13,880
4. Purchased Services	.61 - .69	\$	79,892,185
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	13,058,219
6. Other Direct Operating Expense	.85 - .90	\$	

**RATE DEVELOPMENT SCHEDULES**

<b>PROVIDER NAME</b>	<b>KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO</b>
<b>NPI</b>	<b>1528138088</b>
<b>FISCAL PERIOD</b>	<b>JANUARY 1, 2009 THROUGH DECEMBER 31, 2009</b>
<b>CONTRACT PERIOD</b>	<b>JULY 1, 2009 THROUGH DECEMBER 31, 2009</b>

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Amd )			
a. Productive Salaries	.00	\$	10,331,879
b. Productive Hours			165,213.00
2. Technicians and Specialists (Amd )			
a. Productive Salaries	.01	\$	5,302,670
b. Productive Hours			124,015.00
3. Registered Nurses (Amd )			
a. Productive Salaries	.02	\$	41,967,291
b. Productive Hours			684,009.00
4. Licensed Vocational Nurses (Amd )			
a. Productive Salaries	.03	\$	516,649
b. Productive Hours			14,941.00
5. Aides and Orderlies (Amd )			
a. Productive Salaries	.04	\$	3,035,285
b. Productive Hours			127,655.00
6. Physicians (Salaried) (Amd )			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Amd )			
a. Productive Salaries	.08	\$	48,795
b. Productive Hours			2,627.00
8. Environmental and Food Services (Amd )			
a. Productive Salaries	.06	\$	
b. Productive Hours			
9. Clerical and Other Administrative (Amd )			
a. Productive Salaries	.05	\$	5,811,899
b. Productive Hours			231,816.00
10. Other Salaries and Wages (Amd )			
a. Productive Salaries	.09	\$	16,016,076
b. Productive Hours			503,087.00
11. All Nonproductive Salaries and Wages (Amd )			
a. Nonproductive Salaries	Labor Distribution	\$	11,301,617
b. Nonproductive Hours	Report or Provider W/P		234,092.00
<b>B. SUBTOTAL DIRECT PAYROLL COST</b>			
1. Productive Salaries (lines A1a - A10a)		\$	<u>83,030,544</u>
2. Productive Hours (lines A1b - A10b)			<u>1,853,363.00</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)</b>		<b>\$</b>	<b><u>94,332,161</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)</b>			<b><u>2,087,455.00</u></b>

Provider Name				Fiscal Period		NPI	Amendments
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1528138088	14
Report References				Explanation of Audit Amendments	Audited	Increase (Decrease)	Amended
Amended							
Amd. No.	Report Page	RD Schedule Page	Line				
<b><u>AMENDMENTS TO RATE DEVELOPMENT SCHEDULES</u></b>							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 3,196,090	\$ (2,071,799)	\$ 1,124,291
2	1	3	A	Medi-Cal Net Cost of Covered Services—Contract	\$ 0	\$ 2,525,189	\$ 2,525,189
3	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 6,489	\$ (4,716)	\$ 1,773
4	1	3	B	Deductibles and Coinsurance—Contract	\$ 0	\$ 4,715	\$ 4,715
5	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	650	(393)	257
6	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Contract	0	424	424
7	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	110	(84)	26
8	1	3	C 2	Medi-Cal Inpatient Days—ICU—Contract	0	99	99
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract			
	1	3	C 3	Medi-Cal Inpatient Days—CCU—Contract			
9	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	53	(13)	40
10	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Contract	0	16	16
	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	Amendments
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1528138088	14
Report References				Explanation of Audit Amendments	Audited	Increase (Decrease)	Amended
Amended							
Amd. No.	Report Page	RD Schedule Page	Line				
	1	3	D	Total Hospital Discharges	11,646		11,646
11	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	262	(159)	103
12	1	3	E	Total Medi-Cal Discharges—Acute—Contract	0	170	170
13	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 1,934,083	\$ (860,319)	\$ 1,073,764
14	1	3	F	Total Medi-Cal Inpatient Charges—Contract	\$ 0	\$ 5,384,384	\$ 5,384,384
	2	4	A 1	Depreciation Expense	\$ 12,356,897	\$	\$ 12,356,897
	2	4	A 2	Rent and Lease Expense	\$ 3,773,356	\$	\$ 3,773,356
	2	4	A 3	Interest Expense	\$ 689,780	\$	\$ 689,780
	2	4	A 4	Property Taxes and License Fees	\$ 243,400	\$	\$ 243,400
	2	4	A 5	Utility Expense	\$ 2,590,461	\$	\$ 2,590,461
	2	4	A 6	Malpractice Insurance Expense	\$ 584,813	\$	\$ 584,813
	2	4	B	Gross Operating Expenses	\$ 319,894,613	\$	\$ 319,894,613
	2	4	C 1	Student and Physicians Compensation—Salaries and Wages	\$ 1,420,988	\$	\$ 1,420,988
	2	4	C 2	Student and Physicians Compensation—Professional Fees	\$ 0	\$	\$
	2	4	D	Pharmacy Nonlabor Expense	\$ 4,270,704	\$	\$ 4,270,704

Provider Name				Fiscal Period	NPI	Amendments	
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	1528138088	14	
Report References				Explanation of Audit Amendments	Audited	Increase (Decrease)	Amended
Amended		RD Schedule					
Amd. No.	Report Page	Page	Line				
2	4	E		Food Services Nonlabor Expense	\$ 729,513	\$	\$ 729,513
2	4	F 1		Direct Operating—Salaries and Wages	\$ 94,332,160	\$	\$ 94,332,160
2	4	F 2		Direct Operating—Employee Benefits	\$ 38,301,504	\$	\$ 38,301,504
2	4	F 3		Direct Operating—Other Professional Fees	\$ 13,880	\$	\$ 13,880
2	4	F 4		Direct Operating—Purchased Services	\$ 79,892,185	\$	\$ 79,892,185
2	4	F 5		Direct Operating—Supplies	\$ 13,058,219	\$	\$ 13,058,219
2	4	F 6		Direct Operating—Other Direct Operating Expense	\$ 0	\$	\$
3	5	A 1 a		Management and Supervision—Productive Salaries	\$ 10,331,879	\$	\$ 10,331,879
3	5	A 1 b		Management and Supervision—Productive Hours	165,213		165,213
3	5	A 2 a		Technicians and Specialists—Productive Salaries	\$ 5,302,670	\$	\$ 5,302,670
3	5	A 2 b		Technicians and Specialists—Productive Hours	124,015		124,015
3	5	A 3 a		Registered Nurses—Productive Salaries	\$ 41,967,291	\$	\$ 41,967,291
3	5	A 3 b		Registered Nurses—Productive Hours	684,009		684,009
3	5	A 4 a		Licensed Vocational Nurses—Productive Salaries	\$ 516,649	\$	\$ 516,649
3	5	A 4 b		Licensed Vocational Nurses—Productive Hours	14,941		14,941
3	5	A 5 a		Aides and Orderlies—Productive Salaries	\$ 3,035,285	\$	\$ 3,035,285
3	5	A 5 b		Aides and Orderlies—Productive Hours	127,656		127,656

Provider Name				Fiscal Period		NPI	Amendments
KAISER FOUNDATION HOSPITAL - SOUTH SACRAMENTO				JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1528138088	14
Report References				Explanation of Audit Amendments	Audited	Increase (Decrease)	Amended
Amended							
Amd. No.	Report Page	RD Schedule Page	Line				
3	5	A 6 a	Physicians (Salaried)—Productive Salaries	\$ 0	\$	\$	
3	5	A 6 b	Physicians (Salaried)—Productive Hours	0			
3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 48,795	\$	\$ 48,795	
3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	2,627		2,627	
3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 0	\$	\$	
3	5	A 8 b	Environmental and Food Services—Productive Hours	0			
3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 5,811,899	\$	\$ 5,811,899	
3	5	A 9 b	Clerical and Other Administrative—Productive Hours	231,816		231,816	
3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 16,016,076	\$	\$ 16,016,076	
3	5	A 10 b	Other Salaries and Wages—Productive Hours	503,087		503,087	
3	5	A 11	Nonproductive Salaries and Wages	\$ 11,301,617	\$	\$ 11,301,617	
3	5	A 11	Nonproductive Hours	234,092		234,092	
3	5	B 1	Subtotal Productive Salaries	\$ 83,030,543	\$	\$ 83,030,543	
3	5	B 2	Subtotal Productive Hours	1,853,365		1,853,365	
3	5	C	Total Productive and Nonproductive Salaries	\$ 94,332,160	\$	\$ 94,332,160	
3	5	D	Total Productive and Nonproductive Hours	2,087,457		2,087,457	
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>							