

**REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS**

**SADDLEBACK MEMORIAL MEDICAL CENTER
LAGUNA HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1275576381**

**FISCAL PERIOD ENDED
JUNE 30, 2009**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Sandra Hy**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: November 16, 2012

Richard MacIntosh
Executive Director, Reimbursement
Memorial Health Services
17360 Brookhurst Street
Fountain Valley, CA 92708

PROVIDER: SADDLEBACK MEMORIAL MEDICAL CENTER
NATIONAL PROVIDER IDENTIFIER (NPI): 1275576381
FISCAL PERIOD ENDED JUNE 30, 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.

Richard MacIntosh
Page 2

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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	SADDLEBACK MEMORIAL MEDICAL CENTER
NPI	1275576381
FISCAL PERIOD	JUNE 30, 2009
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj)	8810 - 8813, and/or .71, .72, .73 and .74	\$	14,253,120
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$	9,302,036
3. Interest Expense: (Adj)	8860, 8870	\$	369,904
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$	1,235,114
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$	3,298,705
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$	(769,773)
B. GROSS OPERATING EXPENSES (Adj)	Sch 10, line 101, col. 3	\$	332,393,046
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees (Adj)	.20	\$	4,136,032
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$	9,018,369
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$	1,904,862
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	123,145,264
2. Employee Benefits	.10 - .19, .92, .96	\$	43,380,370
3. Other Professional Fees	.21 - .29	\$	8,600,634
4. Purchased Services	.61 - .69	\$	46,189,280
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	42,139,520
6. Other Direct Operating Expense	.85 - .90	\$	

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	SADDLEBACK MEMORIAL MEDICAL CENTER
NPI	1275576381
FISCAL PERIOD	JUNE 30, 2009
CONTRACT PERIOD	N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj)			
a. Productive Salaries	.00	\$	11,583,280
b. Productive Hours			225,671.00
2. Technicians and Specialists (Adj)			
a. Productive Salaries	.01	\$	29,983,240
b. Productive Hours			912,853.00
3. Registered Nurses (Adj)			
a. Productive Salaries	.02	\$	49,765,621
b. Productive Hours			1,136,073.00
4. Licensed Vocational Nurses (Adj)			
a. Productive Salaries	.03	\$	190,003
b. Productive Hours			8,030.00
5. Aides and Orderlies (Adj)			
a. Productive Salaries	.04	\$	5,108,780
b. Productive Hours			288,997.00
6. Physicians (Salaried) (Adj)			
a. Productive Salaries	.07	\$	
b. Productive Hours			-
7. Nonphysician Medical Practitioners (Adj)			
a. Productive Salaries	.08	\$	
b. Productive Hours			
8. Environmental and Food Services (Adj)			
a. Productive Salaries	.06	\$	5,248,167
b. Productive Hours			386,522.00
9. Clerical and Other Administrative (Adj)			
a. Productive Salaries	.05	\$	14,407,717
b. Productive Hours			743,964.00
10. Other Salaries and Wages (Adj)			
a. Productive Salaries	.09	\$	6,858,456
b. Productive Hours			216,368.00
11. All Nonproductive Salaries and Wages (Adj)			
a. Nonproductive Salaries	Labor Distribution	\$	13,230,256
b. Nonproductive Hours	Report or Provider W/P		443,781.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a)		\$	<u>123,145,264</u>
2. Productive Hours (lines A1b - A10b)			<u>3,918,478.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1)		\$	<u>136,375,520</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2)			<u>4,362,259.00</u>

Provider Name		Fiscal Period		NPI	Adjustments	
SADDLEBACK MEMORIAL MEDICAL CENTER		JUNE 30, 2009		1275576381	9	
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	\$ 1,917,549	\$ 2,538,171
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 14,224	\$ 33,172
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	834	902
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	74	76
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	493	520
6	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	75	95
7	1	3	D	Total Hospital Discharges	21,199	18,536
8	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	288	314
9	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 7,201,850	\$ 10,179,626
<p>To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536</p>						

