

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

**TULARE DISTRICT HOSPITAL
TULARE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1306840723**

**FISCAL PERIOD ENDED
JUNE 30, 2009**

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

**Section Chief: Michael Harrold
Auditor: Sandy Feng**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

November 2, 2012

Michael Bernstein, CFO
Tulare District Hospital
869 Cherry Avenue
Tulare, CA 93274

TULARE DISTRICT HOSPITAL
NATIONAL PROVIDER IDENTIFIER (NPI) 1306840723
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 field audit.

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.

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

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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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME TULARE DISTRICT HOSPITAL
NPI 1306840723
FISCAL PERIOD JULY 1, 2008 THROUGH JUNE 30, 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)	\$ 7,201,671		\$		\$ 7,201,671
B. Deductibles and Coinsurance (Third Party Liability) (Schedule 3, Lines 9 and 10) (Adj 2)	\$ 259,093		\$		\$ 259,093
C. Medi-Cal Inpatient Days (Adj 3-5) (Schedules 4 and 4A)					
1. Routine (Adults and Pediatrics)	3,950				3,950
2. ICU	192				192
3. CCU					
4. Nursery	1,045				1,045
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges **	N/A		N/A		5,652
E. Total Medi-Cal Discharges** (Adj 6)		1,324			1,324
F. Total Medi-Cal Inpatient Charges (Schedules 2, Line 4) (Adj 7)	\$ 25,631,562		\$		\$ 25,631,562

* Data for NF or Administrative Days are not included.

** Data for newborns that were born in the hospital are not included.

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	TULARE DISTRICT HOSPITAL
NPI	1306840723
FISCAL PERIOD	JULY 1, 2008 THROUGH JUNE 30, 2009
CONTRACT PERIOD	N/A

	<u>REFERENCE</u>		
A. EXPENSE PASS-THROUGH DATA			
1. Depreciation Expense: (Adj 8)	8810 - 8813, and/or .71, .72, .73 and .74	\$	3,683,895
2. Rent and Lease Expense:	8820-8822, and/or .75 and .76	\$	319,888
3. Interest Expense:	8860, 8870	\$	941,537
4. Property Taxes and License Fees:	8850 and/or .83	\$	19,506
5. Utility Expense:	.77, .78, .79, and .80	\$	1,156,330
6. Malpractice Insurance Expense:	8830 and/or .81	\$	629,215
B. GROSS OPERATING EXPENSES (Adj 9)	Sch 10, line 101, col. 3	\$	68,789,322
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	4,708,972
D. PHARMACY NONLABOR EXPENSE (Adj 10)	8390.37 and 8390.38	\$	4,003,689
E. FOOD SERVICES NONLABOR EXPENSE (Adj 11)	8320, 8330 and 8340 and/or .42 and .43	\$	550,004
F. DIRECT OPERATING COSTS (Adj 12)			
1. Salaries and Wages	.00 - .09, .91, .95	\$	27,495,915
2. Employee Benefits	.10 - .19, .92, .96	\$	10,090,522
3. Other Professional Fees	.21 - .29	\$	5,641,403
4. Purchased Services	.61 - .69	\$	7,818,956
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$	8,666,411

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME TULARE DISTRICT HOSPITAL
NPI 1306840723
FISCAL PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009
CONTRACT PERIOD N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision (Adj 13)			
a. Productive Salaries	.00	\$	3,986,883
b. Productive Hours			75,361.00
2. Technicians and Specialists (Adj 14)			
a. Productive Salaries	.01	\$	6,720,961
b. Productive Hours			211,801.00
3. Registered Nurses (Adj 15)			
a. Productive Salaries	.02	\$	10,898,565
b. Productive Hours			232,995.00
4. Licensed Vocational Nurses (Adj 16)			
a. Productive Salaries	.03	\$	449,643
b. Productive Hours			18,895.00
5. Aides and Orderlies (Adj 17)			
a. Productive Salaries	.04	\$	1,180,989
b. Productive Hours			76,244.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners (Adj 18)			
a. Productive Salaries	.08	\$	174,745
b. Productive Hours			2,908.00
8. Environmental and Food Services (Adj 19)			
a. Productive Salaries	.06	\$	691,853
b. Productive Hours			6,613.00
9. Clerical and Other Administrative (Adj 20)			
a. Productive Salaries	.05	\$	2,794,672
b. Productive Hours			198,865.00
10. Other Salaries and Wages (Adj 21)			
a. Productive Salaries	.09	\$	597,574
b. Productive Hours			40,454.00
11. All Nonproductive Salaries and Wages (Adj 22)			
a. Nonproductive Salaries	Labor Distribution	\$	3,037,198
b. Nonproductive Hours	Report or Provider W/P		124,479.00
B. SUBTOTAL DIRECT PAYROLL COST			
1. Productive Salaries (lines A1a - A10a) (Adj 23)		\$	27,495,885
2. Productive Hours (lines A1b - A10b) (Adj 24)			<u>864,136.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (A11a + B1) (Adj 25)		\$	<u>30,533,083</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (A11b + B2) (Adj 26)			<u>988,615.00</u>

Provider Name				Fiscal Period	NPI	Adjustments	
TULARE DISTRICT HOSPITAL				JULY 1, 2008 THROUGH JUNE 30, 2009	1306840723	26	
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	\$ 8,236,304	\$ (1,034,633)	\$ 7,201,671
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 243,868	\$ 15,225	\$ 259,093
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	3,089	861	3,950
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	900	(708)	192
5	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	1,033	12	1,045
6	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	2,733	(1,409)	1,324
7	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 23,620,922	\$ 2,010,640	\$ 25,631,562
8	2	4	A 1	Depreciation Expense	\$ 3,460,987	\$ 222,908	\$ 3,683,895
9	2	4	B	Gross Operating Expenses	\$ 43,232,255	\$ 25,557,067	\$ 68,789,322
10	2	4	D	Pharmacy Nonlabor Expense	\$ 1,963,467	\$ 2,040,222	\$ 4,003,689
11	2	4	E	Food Services Nonlabor Expense	\$ 185,424	\$ 364,580	\$ 550,004
12	2	4	F 2	Direct Operating—Employee Benefits	\$ 9,988,100	\$ 102,422	\$ 10,090,522
13	3	5	A 1 a	Management and Supervision—Productive Salaries	\$ 3,543,592	\$ 443,291	\$ 3,986,883
	3	5	A 1 b	Management and Supervision—Productive Hours	82,951	(7,590)	75,361

Provider Name				Fiscal Period		NPI	Adjustments
TULARE DISTRICT HOSPITAL				JULY 1, 2008 THROUGH JUNE 30, 2009		1306840723	26
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>							
14	3	5	A 2 a	Technicians and Specialists—Productive Salaries	\$ 6,806,564	\$ (85,603)	\$ 6,720,961
	3	5	A 2 b	Technicians and Specialists—Productive Hours	244,525	(32,724)	211,801
15	3	5	A 3 a	Registered Nurses—Productive Salaries	\$ 9,012,465	\$ 1,886,100	\$ 10,898,565
	3	5	A 3 b	Registered Nurses—Productive Hours	226,973	6,022	232,995
16	3	5	A 4 a	Licensed Vocational Nurses—Productive Salaries	\$ 354,533	\$ 95,110	\$ 449,643
	3	5	A 4 b	Licensed Vocational Nurses—Productive Hours	18,286	609	18,895
17	3	5	A 5 a	Aides and Orderlies—Productive Salaries	\$ 1,166,134	\$ 14,855	\$ 1,180,989
	3	5	A 5 b	Aides and Orderlies—Productive Hours	88,386	(12,142)	76,244
18	3	5	A 7 a	Nonphysician Medical Practitioners—Productive Salaries	\$ 176,102	\$ (1,357)	\$ 174,745
	3	5	A 7 b	Nonphysician Medical Practitioners—Productive Hours	3,544	(636)	2,908
19	3	5	A 8 a	Environmental and Food Services—Productive Salaries	\$ 668,824	\$ 23,029	\$ 691,853
	3	5	A 8 b	Environmental and Food Services—Productive Hours	57,508	(50,895)	6,613
20	3	5	A 9 a	Clerical and Other Administrative—Productive Salaries	\$ 2,643,011	\$ 151,661	\$ 2,794,672
	3	5	A 9 b	Clerical and Other Administrative—Productive Hours	209,179	(10,314)	198,865
21	3	5	A 10 a	Other Salaries and Wages—Productive Salaries	\$ 0	\$ 597,574	\$ 597,574
	3	5	A 10 b	Other Salaries and Wages—Productive Hours	0	40,454	40,454
22	3	5	A 11	Nonproductive Salaries and Wages	\$ 5,597,259	\$ (2,560,061)	\$ 3,037,198
	3	5	A 11	Nonproductive Hours	159,046	(34,567)	124,479

Provider Name				Fiscal Period		NPI	Adjustments
TULARE DISTRICT HOSPITAL				JULY 1, 2008 THROUGH JUNE 30, 2009		1306840723	26
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>							
23	3	5	B 1	Subtotal Productive Salaries	\$ 24,371,225	\$ 3,124,660	\$ 27,495,885
24	3	5	B 2	Subtotal Productive Hours	931,352	(67,216)	864,136
25	3	5	C	Total Productive and Nonproductive Salaries	\$ 29,968,484	\$ 564,599	\$ 30,533,083
26	3	5	D	Total Productive and Nonproductive Hours	1,090,398	(101,783)	988,615
				To adjust the Rate Development Schedules to agree with audit adjustments and/or provider records. CCR, Title 22, Section 51536			