

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

**SANTA BARBARA COTTAGE HOSPITAL
SANTA BARBARA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1477554152**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Maria Delgado
Audit Supervisor: Cyrus Lam
Auditor: Clara Yau**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

February 1, 2012

Joan Bricher
Senior Vice President
Chief Financial Officer
Santa Barbara Cottage Hospital
320 West Pueblo Street
Santa Barbara, CA 93105

SANTA BARBARA COTTAGE HOSPITAL
NATIONAL PROVIDER IDENTIFIER (NPI): 1477554152
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 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:

Joan Bricher
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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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

cc: Suzi Wiley
Reimbursement Accountant
Finance Department
Santa Barbara Cottage Hospital
P.O. Box 689
Santa Barbara, CA 93105

RATE DEVELOPMENT SCHEDULES

PROVIDER NAME	SANTA BARBARA COTTAGE HOSPITAL
NPI	1477554152
FISCAL PERIOD	JANUARY 1, 2009 THROUGH DECEMBER 31, 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	\$ 21,956,335
2. Rent and Lease Expense: (Adj)	8820-8822, and/or .75 and .76	\$ 3,351,197
3. Interest Expense: (Adj)	8860, 8870	\$ 4,276,188
4. Property Taxes and License Fees: (Adj)	8850 and/or .83	\$ 395,811
5. Utility Expense: (Adj)	.77, .78, .79, and .80	\$ 4,420,827
6. Malpractice Insurance Expense: (Adj)	8830 and/or .81	\$ 2,693,860
B. GROSS OPERATING EXPENSES (Adj 12)	Sch 10, line 101, col. 3	\$ 368,973,496
C. STUDENT AND PHYSICIANS COMPENSATION		
1. Salaries and Wages (include benefits) (Adj)	.07, 8210.09 - 8290.09	\$ 3,525,865
2. Professional Fees (Adj)	.20	\$ 9,512,192
D. PHARMACY NONLABOR EXPENSE (Adj)	8390.37 and 8390.38	\$ 16,146,251
E. FOOD SERVICES NONLABOR EXPENSE (Adj)	8320, 8330 and 8340 and/or .42 and .43	\$ 2,672,739
F. DIRECT OPERATING COSTS		
1. Salaries and Wages	.00 - .09, .91, .95	\$ 141,387,683
2. Employee Benefits	.10 - .19, .92, .96	\$ 66,377,425
3. Other Professional Fees	.21 - .29	\$ 16,063,330
4. Purchased Services	.61 - .69	\$ 38,491,754
5. Supplies	.31 - .36, .39 - .41 .44 - .50, .93, .97	\$ 61,387,169

Provider Name		Fiscal Period		NPI		Adjustments	
SANTA BARBARA COTTAGE HOSPITAL		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1477554152		12	
Report References				Explanation of Audit Adjustments			
Adj. No.	Audit Report Page	RD Schedule Page	Line	Reported	Increase (Decrease)	Adjusted	
ADJUSTMENTS TO RATE DEVELOPMENT SCHEDULES							
1	1	3	A	Medi-Cal Net Cost of Covered Services—Noncontract	\$ 13,771,827	\$ 2,017,427	\$ 15,789,254
2	1	3	B	Deductibles and Coinsurance—Noncontract	\$ 40,864	\$ 68,450	\$ 109,314
3	1	3	C 1	Medi-Cal Inpatient Days—Adults and Pediatrics—Noncontract	3,747	635	4,382
4	1	3	C 2	Medi-Cal Inpatient Days—ICU—Noncontract	270	22	292
5	1	3	C 3	Medi-Cal Inpatient Days—CCU—Noncontract	63	(63)	
6	1	3	C 4	Medi-Cal Inpatient Days—Nursery—Noncontract	1,617	78	1,695
7	1	3	C 5	Medi-Cal Inpatient Days—NICU—Noncontract	588	172	760
8	1	3	C 6 a	Medi-Cal Inpatient Days—PICU—Noncontract	265	40	305
9	1	3	D	Total Hospital Discharges	17,102	4,338	21,440
10	1	3	E	Total Medi-Cal Discharges—Acute—Noncontract	1,143	222	1,365
11	1	3	F	Total Medi-Cal Inpatient Charges—Noncontract	\$ 38,413,923	\$ 9,926,451	\$ 48,340,374
12	2	4	B	Gross Operating Expenses	\$ 390,106,090	\$ (21,132,594)	\$ 368,973,496
<p>To adjust the Rate Development Schedules to agree with audit adjustments and provider's records. CCR, Title 22, Section 51536</p>							