

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

**JOHN MUIR MEDICAL CENTER – WALNUT CREEK  
WALNUT CREEK, CALIFORNIA  
PROVIDER NUMBER: ZZR00180F AND  
NPI NUMBER: 1740215219**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

**Audits Section - Richmond  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Louise Wong  
Audit Supervisor: Diana Dong  
Auditor: Christine Cao**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

September 2, 2011

George Fan  
Reimbursement Manager  
John Muir/Mt. Diablo Health System  
1400 Treat Boulevard  
Walnut Creek, CA 94597-2142

PROVIDER: JOHN MUIR MEDICAL CENTER – WALNUT CREEK  
PROVIDER NUMBER: ZZR00180F  
NPI NUMBER: 1740215219  
FISCAL PERIOD ENDED DECEMBER 31, 2008

We have examined the Rate Development Branch 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 Branch 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 Branch 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 Department's Rate Development Branch 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).

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

John Melton, Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814  
(916) 355-5603

George Fan  
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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  
P.O. Box 997413  
Sacramento, CA 95899-7413

**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 95814-5005  
(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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** JOHN MUIR MEDICAL CENTER - WALNUT CREEK  
**PROVIDER NO.** ZZR00180F  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:** N/A

	Noncontract Cost Settlement		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 (Adj. 1)	\$ 20,834,492		\$ 0		\$ 20,834,492
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 224,115		\$ 0		\$ 224,115
C. Medi-Cal Inpatient Days (Adjs. 3 - 7)					
1. Routine (Adults & Pediatrics)	3,687		0		3,687
2. ICU	1,234		0		1,234
3. CCU	0		0		0
4. Nursery	113		0		113
5. NICU	581		0		581
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. 8)	N/A		N/A		20,349
E. Total Medi-Cal Discharges (Adj. 9)	606		0		606
F. Total Medi-Cal Inpatient Charges (Adj. 10)	\$ 108,513,332		\$ 0		\$ 108,513,332

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** JOHN MUIR MEDICAL CENTER - WALNUT CREEK  
**PROVIDER NO.** ZZR00180F  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:** N/A

A. EXPENSE PASS-THROUGH DATA	<u>REFERENCE</u>		
1. Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74	\$	27,614,728
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	0
3. Interest Expense:	8860, 8870	\$	12,545,663
4. Property Taxes and License Fees:	8850 and/or .83	\$	770,610
5. Utility Expense:	.77, .78, .79, and .80	\$	3,803,161
6. Malpractice Insurance Expense:	8830 and/or .81	\$	0
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 652,910,382
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	26,365,788
 D. PHARMACY NONLABOR EXPENSES	 8390.37 and 8390.38	 \$	 6,909
 E. FOOD SERVICES NONLABOR EXPENSES	 8320, 8330 and 8340 and/or .42 and .43	 \$	 2,010,701
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	194,046,071
2. Employee Benefits	.10 - .19, .92, .96	\$	108,389,442
3. Other Professional Fees	.21 - .29	\$	0
4. Purchased Services	.61 - .69	\$	148,893,405
5. Supplies	.31 - .36, .93, .97	\$	81,172,552
6. Other Direct Operating Expense	.85 - .90	\$	47,291,352

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** JOHN MUIR MEDICAL CENTER - WALNUT CREEK  
**PROVIDER NO.** ZZR00180F  
**FISCAL PERIOD:** JANUARY 1, 2008 THROUGH DECEMBER 31, 2008  
**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	19,063,869
b. Productive Hours			304,729
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	56,289,057
b. Productive Hours			1,375,924
3. Registered Nurses			
a. Productive Salaries	.02	\$	84,174,179
b. Productive Hours			1,381,944
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	682,753
b. Productive Hours			19,934
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	7,720,203
b. Productive Hours			334,498
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	639,973
b. Productive Hours			8,983
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	7,471,001
b. Productive Hours			326,958
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	13,428,121
b. Productive Hours			557,415
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	4,576,915
b. Productive Hours			159,363
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	34,791,649
b. Productive Hours	Report or Provider W/P		787,834
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>194,046,071</u>
2. Productive Hours (lines 1b - 10b)			<u>4,469,748</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>228,837,720</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>5,257,582</u></b>

**AUDIT ADJUSTMENTS**

Provider: JOHN MUIR MEDICAL CENTER - WALNUT CREEK				Provider No. ZZR00180F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 14	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u></b>							
1	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 16,135,964	\$ 4,698,528	\$ 20,834,492
	DHS 3094	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$	\$
2	DHS 3094	1	B	Deductibles and Coinsurance - Noncontract	\$ 121,210	\$ 102,905	\$ 224,115
	DHS 3094	1	B	Deductibles and Coinsurance - Contract	\$	\$	\$
3	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	2,936	751	3,687
	DHS 3094	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract			
4	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	622	612	1,234
	DHS 3094	1	C-2	Medi-Cal Inpatient Days - ICU - Contract			
5	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Noncontract	183	(183)	0
	DHS 3094	1	C-3	Medi-Cal Inpatient Days - CCU - Contract			
6	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	75	38	113
	DHS 3094	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract			
7	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract	512	69	581
	DHS 3094	1	C-5	Medi-Cal Inpatient Days - NICU - Contract			
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Noncontract			
	DHS 3094	1	C-6a	Medi-Cal Inpatient Days - _____ Contract			

**AUDIT ADJUSTMENTS**

Provider: JOHN MUIR MEDICAL CENTER - WALNUT CREEK				Provider No. ZZR00180F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 14	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	1	C-6b	Medi-Cal Inpatient Days - _____ Noncontract			
	DHS 3094	1	C-6b	Medi-Cal Inpatient Days - _____ Contract			
8	DHS 3094	1	D	Total Hospital Discharges	0	20,349	20,349
9	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Noncontract	497	109	606
	DHS 3094	1	E	Total Medi-Cal Discharges - Acute - Contract			
10	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 83,093,281	\$ 25,420,051	\$ 108,513,332
	DHS 3094	1	F	Total Medi-Cal Inpatient Charges - Contract	\$	\$	\$
	DHS 3094	2	A-1	Depreciation Expense	\$ 27,614,728	\$ 0	\$ 27,614,728
	DHS 3094	2	A-2	Rent and Lease Expense	\$ 0	\$ 0	\$ 0
	DHS 3094	2	A-3	Interest Expense	\$ 12,545,663	\$ 0	\$ 12,545,663
	DHS 3094	2	A-4	Property Taxes and License Fees	\$ 770,610	\$ 0	\$ 770,610
	DHS 3094	2	A-5	Utility Expenses	\$ 3,803,161	\$ 0	\$ 3,803,161
	DHS 3094	2	A-6	Malpractice Insurance Expense	\$ 0	\$ 0	\$ 0
11	DHS 3094	2	B	Gross Operating Expenses	\$ 662,798,140	\$ (9,887,758)	\$ 652,910,382
	DHS 3094	2	C-1	Student and Physician Salaries	\$ 0	\$ 0	\$ 0



**AUDIT ADJUSTMENTS**

Provider: JOHN MUIR MEDICAL CENTER - WALNUT CREEK				Provider No. ZZR00180F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 14	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	2	C-2	Professional Fees	\$ 26,365,788	\$ 0	\$ 26,365,788
	DHS 3094	2	D	Pharmacy Nonlabor Expense	\$ 6,909	\$ 0	\$ 6,909
	DHS 3094	2	E	Food Services Nonlabor Expense	\$ 2,010,701	\$ 0	\$ 2,010,701
12	DHS 3094	2	F-1	Direct Operating - Salaries and Wages	\$ 240,088,417	\$ (46,042,346)	\$ 194,046,071
13	DHS 3094	2	F-2	Direct Operating - Employee Benefits	\$ 62,347,096	\$ 46,042,346	\$ 108,389,442
	DHS 3094	2	F-3	Direct Operating - Other Professional Fees	\$ 0	\$ 0	\$ 0
	DHS 3094	2	F-4	Direct Operating - Purchased Services	\$ 148,893,405	\$ 0	\$ 148,893,405
	DHS 3094	2	F-5	Direct Operating - Supplies	\$ 81,172,552	\$ 0	\$ 81,172,552
14	DHS 3094	2	F-6	Other Direct Operating Expense	\$ 0	\$ 47,291,352	\$ 47,291,352
	DHS 3094	3	A-1-a	Productive Salaries - Management and Supervision	\$ 19,063,869	\$ 0	\$ 19,063,869
	DHS 3094	3	A-1-b	Productive Hours	304,729	0	304,729
	DHS 3094	3	A-2-a	Productive Salaries - Technicians and Specialists	\$ 56,289,057	\$ 0	\$ 56,289,057
	DHS 3094	3	A-2-b	Productive Hours	1,375,924	0	1,375,924
	DHS 3094	3	A-3-a	Productive Salaries - Registered Nurses	\$ 84,174,179	\$ 0	\$ 84,174,179
	DHS 3094	3	A-3-b	Productive Hours	1,381,944	0	1,381,944

**AUDIT ADJUSTMENTS**

Provider: JOHN MUIR MEDICAL CENTER - WALNUT CREEK				Provider No. ZZR00180F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 14	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	DHS 3094	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 682,753	\$ 0	\$ 682,753
	DHS 3094	3	A-4-b	Productive Hours	19,934	0	19,934
	DHS 3094	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 7,720,203	\$ 0	\$ 7,720,203
	DHS 3094	3	A-5-b	Productive Hours	334,498	0	334,498
	DHS 3094	3	A-6-a	Productive Salaries - Physicians (Salaried)	\$ 0	\$ 0	\$ 0
	DHS 3094	3	A-6-b	Productive Hours	0	0	0
	DHS 3094	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$ 639,973	\$ 0	\$ 639,973
	DHS 3094	3	A-7-b	Productive Hours	8,983	0	8,983
	DHS 3094	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 7,471,001	\$ 0	\$ 7,471,001
	DHS 3094	3	A-8-b	Productive Hours	326,958	0	326,958
	DHS 3094	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 13,428,121	\$ 0	\$ 13,428,121
	DHS 3094	3	A-9-b	Productive Hours	557,415	0	557,415
	DHS 3094	3	A-10-a	Productive Salaries - Other	\$ 4,576,915	\$ 0	\$ 4,576,915
	DHS 3094	3	A-10-b	Productive Hours	159,363	0	159,363

**AUDIT ADJUSTMENTS**

Provider:				Provider No.	Fiscal Period:	No. of Adjs:	
JOHN MUIR MEDICAL CENTER - WALNUT CREEK				ZZR00180F	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	14	
Report Reference				Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form	Page	Line				
	N/A	N/A	A-11-a	Nonproductive Salaries	\$ 34,791,649	\$ 0	\$ 34,791,649
	N/A	N/A	A-11-b	Nonproductive Hours	787,834	0	787,834
	N/A	N/A	B 1	Subtotal Productive Salaries	\$ 194,046,071	\$ 0	\$ 194,046,071
	N/A	N/A	B 2	Subtotal Productive Hours	4,469,748	0	4,469,748
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 228,837,720	\$ 0	\$ 228,837,720
	N/A	N/A	D	Total Productive and Nonproductive Hours	5,257,582	0	5,257,582

To adjust the Rate Development Worksheets to agree with audit adjustments and/or Provider records.  
 Title 22, CCR, Section 51536

