

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

**QUEEN OF THE VALLEY MEDICAL CENTER
NAPA, CALIFORNIA
PROVIDER NUMBER: ZZR00009F AND
NPI NUMBER: 1235218785**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

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

**Section Chief: Louise Wong
Audit Supervisor: Sandra Garcia
Auditor: Medy Lamorena**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

July 21, 2010

Donald Miller
Chief Financial Officer
Queen of the Valley Medical Center
1000 Trancas Street
Napa, CA 94558

PROVIDER: QUEEN OF THE VALLEY MEDICAL CENTER
PROVIDER NO. ZZR00009F AND NPI NO. 1235218785
FISCAL PERIOD ENDED JUNE 30, 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 limited 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.

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

Don Miller
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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: QUEEN OF THE VALLEY MEDICAL CENTER
PROVIDER NO.: ZZR00009F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 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)	\$ 6,363,410	\$	0	\$	\$ 6,363,410
B. Deductibles and Coinsurance (Third Party Liability) (Adj.)	\$ 4,338	\$	0	\$	\$ 4,338
C. Medi-Cal Inpatient Days (Adjs. 2 - 6)					
1. Routine (Adults & Pediatrics)	1,483		0		1,483
2. ICU	99		0		99
3. CCU					
4. Nursery	649		0		649
5. NICU	490		0		490
6. Other (Specify)					
a.					
b.					
D. Average Per Diem (Adjs. 7 - 10)					
1. Routine (Adults & Pediatrics)				\$	1,208.13
2. ICU				\$	2,689.38
3. CCU					
4. Nursery				\$	828.12
5. NICU				\$	1,712.40
6. Other (Specify)					
a.					
b.					
E. Total Hospital Discharges (Adj.)	N/A		N/A		8,744
F. Total Medi-Cal Discharges (Adj. 11)	580		0		580
G. Total Medi-Cal Inpatient Charges (Adj. 12)	\$ 15,414,916	\$	0	\$	\$ 15,414,916

RATE DEVELOPMENT WORKSHEETS

PROVIDER: QUEEN OF THE VALLEY MEDICAL CENTER
PROVIDER NO. ZZR00009F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 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	\$	13,099,404
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	2,394,836
3. Interest Expense:	8860, 8870	\$	2,693,341
4. Property Taxes and License Fees:	8850 and/or .83	\$	494,965
5. Utility Expense:	.77, .78, .79, and .80	\$	2,585,890
6. Malpractice Insurance Expense:	8830 and/or .81	\$	1,246,878
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 231,994,802
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	6,552,848
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	6,099,720
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	1,759,792
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	91,502,042
2. Employee Benefits	Sch 10, Line 5, Col. 3	\$	43,782,495
3. Other Professional Fees	.21 - .29	\$	5,187,026
4. Purchased Services	.61 - .69	\$	22,532,669
5. Supplies	.31 - .36, .93, .97	\$	26,387,599
6. Other Direct Operating Expense	.85 - .90	\$	5,675,297

RATE DEVELOPMENT WORKSHEETS

PROVIDER: QUEEN OF THE VALLEY MEDICAL CENTER
PROVIDER NO.: ZZR00009F
FISCAL PERIOD: JULY 1, 2007 THROUGH JUNE 30, 2008
CONTRACT PERIOD:

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	10,008,321
b. Productive Hours			164,316
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	22,298,451
b. Productive Hours			534,829
3. Registered Nurses			
a. Productive Salaries	.02	\$	40,123,082
b. Productive Hours			673,722
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,029,717
b. Productive Hours			32,131
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	5,054,332
b. Productive Hours			249,008
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	0
b. Productive Hours			0
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	948,004
b. Productive Hours			13,310
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	3,411,887
b. Productive Hours			182,071
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	7,731,522
b. Productive Hours			372,840
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	896,726
b. Productive Hours			3,587
11. All Nonproductive Salaries and Wages			
a. Nonproductive Salaries	Labor Distribution	\$	14,283,360
b. Nonproductive Hours	Report or Provider W/P		386,806
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>91,502,042</u>
2. Productive Hours (lines 1b - 10b)			<u>2,225,814</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>105,785,402</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,612,620</u>

AUDIT ADJUSTMENTS

Provider: QUEEN OF THE VALLEY MEDICAL CENTER		Provider No. ZZR00009F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 21		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
1	A&I-2	1 A	<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u> Medi-Cal Net Cost of Covered Services - Noncontract Medi-Cal Net Cost of Covered Services - Contract Deductibles and Coinsurance - Noncontract Deductibles and Coinsurance - Contract Medi-Cal Inpatient Days - Adults and Peds - Noncontract Medi-Cal Inpatient Days - Adults and Peds - Contract Medi-Cal Inpatient Days - ICU - Noncontract Medi-Cal Inpatient Days - ICU - Contract Medi-Cal Inpatient Days - CCU - Noncontract Medi-Cal Inpatient Days - CCU - Contract Medi-Cal Inpatient Days - Nursery - Noncontract Medi-Cal Inpatient Days - Nursery - Contract Medi-Cal Inpatient Days - NICU - Noncontract Medi-Cal Inpatient Days - NICU - Contract Medi-Cal Inpatient Days - _____ Noncontract Medi-Cal Inpatient Days - _____ Contract	\$ 6,413,135	(49,725)	\$ 6,363,410
	A&I-2	1 A		\$ 0	0	\$ 0
2	A&I-2	1 B		\$ 4,338	0	\$ 4,338
	A&I-2	1 B		\$ 0	0	\$ 0
3	A&I-2	1 C-1		1,466	17	1,483
	A&I-2	1 C-1		0	0	0
4	A&I-2	1 C-2		98	1	99
	A&I-2	1 C-2		0	0	0
5	A&I-2	1 C-3		490	(490)	0
	A&I-2	1 C-3		0	0	0
6	A&I-2	1 C-4	647	2	649	
	A&I-2	1 C-4	0	0	0	
7	A&I-2	1 C-5	0	490	490	
	A&I-2	1 C-5	0	0	0	
8	A&I-2	1 C-6a	0	0	0	
	A&I-2	1 C-6a	0	0	0	

AUDIT ADJUSTMENTS

Provider:		Provider No.	Fiscal Period:	No. of Adjs:		
QUEEN OF THE VALLEY MEDICAL CENTER		ZZR00009F	JULY 1, 2007 THROUGH JUNE 30, 2008	21		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page				
	A&I-2	1	C-6b	0	0	0
	A&I-2	1	C-6b		0	
7	A&I-2	1	D-1	\$ 1,235.73	\$ (27.60)	\$ 1,208.13
8	A&I-2	1	D-2	\$ 2,711.74	\$ (22.36)	\$ 2,689.38
	A&I-2	1	D-3	\$ 0.00	\$ 0.00	\$ 0.00
9	A&I-2	1	D-4	\$ 857.54	\$ (29.42)	\$ 828.12
10	A&I-2	1	D-5	\$ 1,742.47	\$ (30.07)	\$ 1,712.40
	A&I-2	1	D-6a	\$ 0.00	\$ 0.00	\$ 0.00
	A&I-2	1	D-6b	\$ 0.00	\$ 0.00	\$ 0.00
	A&I-2	1	E	8,744	0	8,744
11	A&I-2	1	F	511	69	580
	A&I-2	1	F		0	
12	A&I-2	1	G	\$ 15,416,201	\$ (1,285)	\$ 15,414,916
	A&I-2	1	G	\$	\$ 0	\$
	A&I-2	2	A-1	\$ 13,099,404	\$ 0	\$ 13,099,404
	A&I-2	2	A-2	\$ 2,394,836	\$ 0	\$ 2,394,836

AUDIT ADJUSTMENTS

Provider: QUEEN OF THE VALLEY MEDICAL CENTER		Provider No. ZZR00009F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 21		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
	A&I-2	2 A-3	Interest Expense	\$ 2,693,341	\$ 0	\$ 2,693,341
	A&I-2	2 A-4	Property Taxes and License Fees	\$ 494,965	\$ 0	\$ 494,965
	A&I-2	2 A-5	Utility Expenses	\$ 2,585,890	\$ 0	\$ 2,585,890
	A&I-2	2 A-6	Malpractice Insurance Expense	\$ 1,246,878	\$ 0	\$ 1,246,878
	A&I-2	2 B	Gross Operating Expenses	\$ 231,994,802	\$ 0	\$ 231,994,802
	A&I-2	2 C-1	Student and Physician Salaries	\$ 0	\$ 0	\$ 0
13	A&I-2	2 C-2	Professional Fees	\$ 836,031	\$ 5,716,817	\$ 6,552,848
14	A&I-2	2 D	Pharmacy Nonlabor Expense	\$ 6,105,362	\$ (5,642)	\$ 6,099,720
15	A&I-2	2 E	Food Services Nonlabor Expense	\$ 2,193,533	\$ (433,741)	\$ 1,759,792
	A&I-2	2 F-1	Direct Operating - Salaries and Wages	\$ 91,502,042	\$ 0	\$ 91,502,042
16	A&I-2	2 F-2	Direct Operating - Employee Benefits	\$ 43,686,239	\$ 96,256	\$ 43,782,495
17	A&I-2	2 F-3	Direct Operating - Other Professional Fees	\$ 10,283,394	\$ (5,096,368)	\$ 5,187,026
18	A&I-2	2 F-4	Direct Operating - Purchased Services	\$ 21,986,613	\$ 546,056	\$ 22,532,669
19	A&I-2	2 F-5	Direct Operating - Supplies	\$ 26,882,082	\$ (494,483)	\$ 26,387,599

AUDIT ADJUSTMENTS

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Report Reference		Explanation of Audit Adjustments		Reported	Increase (Decrease)	Audited
Adj. No.	Form Page Line					
20	A&I-2 2 F-6	Other Direct Operating Expense		\$ 0	\$ 5,675,297	\$ 5,675,297
	A&I-2 3 A-1-a	Productive Salaries - Management and Supervision		\$ 10,008,321	\$ 0	\$ 10,008,321
	A&I-2 3 A-1-b	Productive Hours		164,316	0	164,316
	A&I-2 3 A-2-a	Productive Salaries - Technicians and Specialists		\$ 22,298,451	\$ 0	\$ 22,298,451
	A&I-2 3 A-2-b	Productive Hours		534,829	0	534,829
	A&I-2 3 A-3-a	Productive Salaries - Registered Nurses		\$ 40,123,082	\$ 0	\$ 40,123,082
	A&I-2 3 A-3-b	Productive Hours		673,722	0	673,722
	A&I-2 3 A-4-a	Productive Salaries - Licensed Vocational Nurses		\$ 1,029,717	\$ 0	\$ 1,029,717
	A&I-2 3 A-4-b	Productive Hours		32,131	0	32,131
	A&I-2 3 A-5-a	Productive Salaries - Aides and Orderlies		\$ 5,054,332	\$ 0	\$ 5,054,332
	A&I-2 3 A-5-b	Productive Hours		249,008	0	249,008
	A&I-2 3 A-6-a	Productive Salaries - Physicians (Salaried)		\$ 0	\$ 0	\$ 0
	A&I-2 3 A-6-b	Productive Hours		0	0	0
	A&I-2 3 A-7-a	Productive Salaries - Nonphysician Medical Practitioners		\$ 948,004	\$ 0	\$ 948,004
	A&I-2 3 A-7-b	Productive Hours		13,310	0	13,310
	A&I-2 3 A-8-a	Productive Salaries - Environmental and Food Services		\$ 3,411,887	\$ 0	\$ 3,411,887
	A&I-2 3 A-8-b	Productive Hours		182,071	0	182,071
	A&I-2 3 A-9-a	Productive Salaries - Clerical and Other Administrative		\$ 7,731,522	\$ 0	\$ 7,731,522
	A&I-2 3 A-9-b	Productive Hours		372,840	0	372,840
	A&I-2 3 A-10-a	Productive Salaries - Other		\$ 896,726	\$ 0	\$ 896,726
	A&I-2 3 A-10-b	Productive Hours		3,587	0	3,587

AUDIT ADJUSTMENTS

Provider: QUEEN OF THE VALLEY MEDICAL CENTER		Provider No. ZZR00009F	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008		No. of Adjs: 21	
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
21	N/A	A-11-a	Nonproductive Salaries	\$ 14,283,360	0	\$ 14,283,360
	N/A	A-11-b	Nonproductive Hours	386,806	0	386,806
	N/A	B 1	Subtotal Productive Salaries	\$ 91,502,042	0	\$ 91,502,042
	N/A	B 2	Subtotal Productive Hours	2,225,813	1	2,225,814
	N/A	C	Total Productive and Nonproductive Salaries	\$ 105,785,402	0	\$ 105,785,402
	N/A	D	Total Productive and Nonproductive Hours	2,612,620	0	2,612,620

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

