

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

**ST. LOUISE REGIONAL HOSPITAL  
GILROY, CALIFORNIA  
PROVIDER NUMBER: HSP30688I  
NPI NUMBER: 1386746337**

**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: Diana Dong  
Auditor: Ken Cui**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

November 18, 2010

Todd Schroeder  
Director of Reimbursement  
Daughters of Charity Health System  
203 Redwood Shores Parkway, Suite 800  
Redwood City, CA 94065

PROVIDER: ST. LOUISE REGIONAL HOSPITAL  
PROVIDER NO. HSP30688I AND NPI NO. 1386746337  
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 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) 322-5603

Todd Schroeder  
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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:** ST. LOUISE REGIONAL HOSPITAL  
**PROVIDER NO.** HSP30688I  
**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)	\$ 6,072,127		\$ 0		\$ 6,072,127
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 123,667		\$ 0		\$ 123,667
C. Medi-Cal Inpatient Days (Adjs. 3 - 5)					
1. Routine (Adults & Pediatrics)	1,491		0		1,491
2. ICU	267		0		267
3. CCU					
4. Nursery	518		0		518
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. 6)	N/A		N/A		6,010
E. Total Medi-Cal Discharges (Adj. 7)	524		0		524
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 25,318,804		\$ 0		\$ 25,318,804

## RATE DEVELOPMENT WORKSHEETS

**PROVIDER:** ST. LOUISE REGIONAL HOSPITAL  
**PROVIDER NO.** HSP30688I  
**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	\$	2,604,484
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	1,056,315
3. Interest Expense:	8860, 8870	\$	2,028,133
4. Property Taxes and License Fees:	8850 and/or .83	\$	199,391
5. Utility Expense:	.77, .78, .79, and .80	\$	758,567
6. Malpractice Insurance Expense:	8830 and/or .81	\$	273,479
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 73,402,315
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	2,501,347
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	1,232,117
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	329,056
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	28,097,816
2. Employee Benefits	.10 - .19, .92, .96	\$	14,073,160
3. Other Professional Fees	.21 - .29	\$	1,445,922
4. Purchased Services	.61 - .69	\$	4,181,216
5. Supplies	.31 - .36, .93, .97	\$	8,325,608
6. Other Direct Operating Expense	.85 - .90	\$	6,295,704

**RATE DEVELOPMENT WORKSHEETS**

**PROVIDER:** ST. LOUISE REGIONAL HOSPITAL  
**PROVIDER NO.** HSP30688I  
**FISCAL PERIOD:** JULY 1, 2007 THROUGH JUNE 30, 2008  
**CONTRACT PERIOD:** N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	3,696,812
b. Productive Hours			77,625
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	5,595,503
b. Productive Hours			132,603
3. Registered Nurses			
a. Productive Salaries	.02	\$	13,278,628
b. Productive Hours			200,106
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	564,665
b. Productive Hours			15,301
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	859,134
b. Productive Hours			34,301
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	
b. Productive Hours			
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	1,863,677
b. Productive Hours			70,682
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,785,737
b. Productive Hours			74,473
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	453,660
b. Productive Hours			18,450
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	4,870,532
b. Productive Hours	Report or Provider W/P		112,188
<b>B. SUBTOTALS DIRECT PAYROLL COSTS</b>			
1. Productive Salaries (lines 1a - 10a)		\$	<u>28,097,816</u>
2. Productive Hours (lines 1b - 10b)			<u>623,541</u>
<b>C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)</b>		<b>\$</b>	<b><u>32,968,348</u></b>
<b>D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)</b>			<b><u>735,729</u></b>

**AUDIT ADJUSTMENTS**

Provider: ST. LOUISE REGIONAL HOSPITAL		Provider No. HSP306881	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11		
Report Reference		Explanation of Audit Adjustments				
Adj. No.	Form	Page	Line	Increase (Decrease)	Reported	Audited
<b><u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u></b>						
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 6,941,285	\$ 6,072,127
	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Contract	\$	\$
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	\$ 0	\$ 123,667
	A&I-2	1	B	Deductibles and Coinsurance - Contract	\$	\$
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	1,630	1,491
	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract		
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	129	267
	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Contract		
	A&I-2	1	C-3	Medi-Cal Inpatient Days - CCU - Noncontract		
	A&I-2	1	C-3	Medi-Cal Inpatient Days - CCU - Contract		
5	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	566	518
	A&I-2	1	C-4	Medi-Cal Inpatient Days - Nursery - Contract		(48)
	A&I-2	1	C-5	Medi-Cal Inpatient Days - NICU - Noncontract		
	A&I-2	1	C-5	Medi-Cal Inpatient Days - NICU - Contract		
	A&I-2	1	C-6a	Medi-Cal Inpatient Days - _____ Noncontract		
	A&I-2	1	C-6a	Medi-Cal Inpatient Days - _____ Contract		

**AUDIT ADJUSTMENTS**

Provider:		Provider No.	Fiscal Period:	No. of Adjs:		
ST. LOUISE REGIONAL HOSPITAL		HSP306881	JULY 1, 2007 THROUGH JUNE 30, 2008	11		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page				
	A&I-2	1	C-6b			
	A&I-2	1	C-6b			
6	A&I-2	1	E	2,355	3,655	6,010
7	A&I-2	1	F	505	19	524
	A&I-2	1	F			
8	A&I-2	1	G	\$ 25,231,624	\$ 87,180	\$ 25,318,804
	A&I-2	1	G	\$	\$	\$
	A&I-2	2	A-1	\$ 2,604,484	0	\$ 2,604,484
	A&I-2	2	A-2	\$ 1,056,315	0	\$ 1,056,315
	A&I-2	2	A-3	\$ 2,028,133	0	\$ 2,028,133
	A&I-2	2	A-4	\$ 199,391	0	\$ 199,391
	A&I-2	2	A-5	\$ 758,567	0	\$ 758,567
	A&I-2	2	A-6	\$ 273,479	0	\$ 273,479
	A&I-2	2	B	\$ 73,402,315	0	\$ 73,402,315



**AUDIT ADJUSTMENTS**

Provider:		Provider No.	Fiscal Period:	No. of Adjs:		
ST. LOUISE REGIONAL HOSPITAL		HSP306881	JULY 1, 2007 THROUGH JUNE 30, 2008	11		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
	A&I-2	2 C-1	Student and Physician Salaries	\$	\$	\$
	A&I-2	2 C-2	Professional Fees	\$ 2,501,347	\$ 0	\$ 2,501,347
	A&I-2	2 D	Pharmacy Nonlabor Expense	\$ 1,232,117	\$ 0	\$ 1,232,117
	A&I-2	2 E	Food Services Nonlabor Expense	\$ 329,056	\$ 0	\$ 329,056
9	A&I-2	2 F-1	Direct Operating - Salaries and Wages	\$ 31,949,010	\$ (3,851,194)	\$ 28,097,816
10	A&I-2	2 F-2	Direct Operating - Employee Benefits	\$ 10,221,966	\$ 3,851,194	\$ 14,073,160
	A&I-2	2 F-3	Direct Operating - Other Professional Fees	\$ 1,445,922	\$ 0	\$ 1,445,922
	A&I-2	2 F-4	Direct Operating - Purchased Services	\$ 4,181,216	\$ 0	\$ 4,181,216
	A&I-2	2 F-5	Direct Operating - Supplies	\$ 8,325,608	\$ 0	\$ 8,325,608
11	A&I-2	2 F-6	Other Direct Operating Expense	\$ 6,295,702	\$ 2	\$ 6,295,704
	A&I-2	3 A-1-a	Productive Salaries - Management and Supervision	\$ 3,696,812	\$ 0	\$ 3,696,812
	A&I-2	3 A-1-b	Productive Hours	77,625	0	77,625
	A&I-2	3 A-2-a	Productive Salaries - Technicians and Specialists	\$ 5,595,503	\$ 0	\$ 5,595,503
	A&I-2	3 A-2-b	Productive Hours	132,603	0	132,603

## AUDIT ADJUSTMENTS

Provider: ST. LOUISE REGIONAL HOSPITAL		Provider No. HSP306881	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008		No. of Adjs: 11		
Report Reference		Explanation of Audit Adjustments		Reported	Increase (Decrease)	Audited	
Adj. No.	Form	Page	Line				
	A&I-2	3	A-3-a	Productive Salaries - Registered Nurses	\$ 13,278,628	\$ 0	\$ 13,278,628
	A&I-2	3	A-3-b	Productive Hours	200,106	0	200,106
	A&I-2	3	A-4-a	Productive Salaries - Licensed Vocational Nurses	\$ 564,665	\$ 0	\$ 564,665
	A&I-2	3	A-4-b	Productive Hours	15,301	0	15,301
	A&I-2	3	A-5-a	Productive Salaries - Aides and Orderlies	\$ 859,134	\$ 0	\$ 859,134
	A&I-2	3	A-5-b	Productive Hours	34,301	0	34,301
	A&I-2	3	A-6-a	Productive Salaries - Physicians (Salaried)	\$	\$	\$
	A&I-2	3	A-6-b	Productive Hours			
	A&I-2	3	A-7-a	Productive Salaries - Nonphysician Medical Practitioners	\$	\$	\$
	A&I-2	3	A-7-b	Productive Hours			
	A&I-2	3	A-8-a	Productive Salaries - Environmental and Food Services	\$ 1,863,677	\$ 0	\$ 1,863,677
	A&I-2	3	A-8-b	Productive Hours	70,682	0	70,682
	A&I-2	3	A-9-a	Productive Salaries - Clerical and Other Administrative	\$ 1,785,737	\$ 0	\$ 1,785,737
	A&I-2	3	A-9-b	Productive Hours	74,473	0	74,473
	A&I-2	3	A-10-a	Productive Salaries - Other	\$ 453,660	\$ 0	\$ 453,660
	A&I-2	3	A-10-b	Productive Hours	18,450	0	18,450

**AUDIT ADJUSTMENTS**

Provider: ST. LOUISE REGIONAL HOSPITAL		Provider No. HSP306881	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008	No. of Adjs: 11		
Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
N/A	N/A	A-11-a	Nonproductive Salaries	\$ 4,870,532	0	\$ 4,870,532
N/A	N/A	A-11-b	Nonproductive Hours	112,188	0	112,188
N/A	N/A	B 1	Subtotal Productive Salaries	\$ 28,097,816	0	\$ 28,097,816
N/A	N/A	B 2	Subtotal Productive Hours	623,541	0	623,541
N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 32,968,348	0	\$ 32,968,348
N/A	N/A	D	Total Productive and Nonproductive Hours	735,729	0	735,729

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

