

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

**PETALUMA VALLEY HOSPITAL
PETALUMA, CALIFORNIA
PROVIDER NUMBER: ZZR00136G AND
NPI NUMBER: 1235162645**

**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: Laurie Plancarte**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

November 23, 2010

Jane Stone
Director of Finance
St. Joseph Health System, Sonoma County
141 Stony Circle, Suite 140
Santa Rosa, CA 95405

PROVIDER: PETALUMA VALLEY HOSPITAL
PROVIDER NO. ZZR00136G AND NPI NO. 1235162645
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.

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

Jane Stone
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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: PETALUMA VALLEY HOSPITAL
PROVIDER NO.: ZZR00136G
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)	\$ 7,054,354	\$	0	\$	\$ 7,054,354
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 47,577	\$	0	\$	\$ 47,577
C. Medi-Cal Inpatient Days (Adjs. 3,4,5)					
1. Routine (Adults & Pediatrics)	2,087		0		2,087
2. ICU	145		0		145
3. CCU					
4. Nursery	655		0		655
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges	N/A		N/A		3,458
E. Total Medi-Cal Discharges (Adj. 6)	735		0		735
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 26,107,971	\$	0	\$	\$ 26,107,971

RATE DEVELOPMENT WORKSHEETS

PROVIDER: PETALUMA VALLEY HOSPITAL
PROVIDER NO. ZZR00136G
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	\$	3,232,510
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	1,251,434
3. Interest Expense:	8860, 8870	\$	156,280
4. Property Taxes and License Fees:	8850 and/or .83	\$	129,965
5. Utility Expense:	.77, .78, .79, and .80	\$	800,684
6. Malpractice Insurance Expense:	8830 and/or .81	\$	566,194
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 78,260,771
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2. Professional Fees	.20	\$	2,527,454
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	1,753,713
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	291,153
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	32,508,889
2. Employee Benefits	.10 - .19, .92, .96	\$	11,148,568
3. Other Professional Fees	.21 - .29	\$	3,596,497
4. Purchased Services	.61 - .69	\$	7,911,230
5. Supplies	.31 - .36, .93, .97	\$	6,935,469
6. Other Direct Operating Expense	.85 - .90	\$	385,194

RATE DEVELOPMENT WORKSHEETS

PROVIDER: PETALUMA VALLEY HOSPITAL
PROVIDER NO.: ZZR00136G
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	\$	3,790,018
b. Productive Hours			71,271
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	7,033,146
b. Productive Hours			165,159
3. Registered Nurses			
a. Productive Salaries	.02	\$	13,848,340
b. Productive Hours			225,639
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	81,039
b. Productive Hours			2,341
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	2,898,630
b. Productive Hours			117,293
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	-
b. Productive Hours			
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	10,251
b. Productive Hours			315
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	1,567,477
b. Productive Hours			65,915
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	3,279,988
b. Productive Hours			147,409
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	-
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	5,065,538
b. Productive Hours	Report or Provider W/P		121,108
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	32,508,889
2. Productive Hours (lines 1b - 10b)			795,342
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>37,574,427</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>916,450</u>

AUDIT ADJUSTMENTS

Provider: PETALUMA VALLEY HOSPITAL		Provider No. ZZR00136G	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				
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	\$ 6,429,034	\$ 625,320	\$ 7,054,354
	A&I-2	1 A		\$	\$	\$
2	A&I-2	1 B	Deductibles and Coinsurance - Noncontract Deductibles and Coinsurance - Contract	\$ 24,662	\$ 22,915	\$ 47,577
	A&I-2	1 B		\$	\$	\$
3	A&I-2	1 C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract Medi-Cal Inpatient Days - Adults and Peds - Contract	1,863	224	2,087
	A&I-2	1 C-1				
4	A&I-2	1 C-2	Medi-Cal Inpatient Days - ICU - Noncontract Medi-Cal Inpatient Days - ICU - Contract	140	5	145
	A&I-2	1 C-2				
5	A&I-2	1 C-3	Medi-Cal Inpatient Days - CCU - Noncontract Medi-Cal Inpatient Days - CCU - Contract			
	A&I-2	1 C-3				
	A&I-2	1 C-4	Medi-Cal Inpatient Days - Nursery - Noncontract Medi-Cal Inpatient Days - Nursery - Contract	614	41	655
	A&I-2	1 C-4				
	A&I-2	1 C-5	Medi-Cal Inpatient Days - NICU - Noncontract Medi-Cal Inpatient Days - NICU - Contract			
	A&I-2	1 C-5				
	A&I-2	1 C-6a	Medi-Cal Inpatient Days - _____ Noncontract Medi-Cal Inpatient Days - _____ Contract			
	A&I-2	1 C-6a				

AUDIT ADJUSTMENTS

Provider: PETALUMA VALLEY HOSPITAL		Provider No. ZZR00136G	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				
	A&I-2	1	C-6b			
	A&I-2	1	C-6b			
	A&I-2	1	E	3,458	0	3,458
6	A&I-2	1	F			
	A&I-2	1	F	692	43	735
7	A&I-2	1	G			
	A&I-2	1	G	\$ 23,528,900	\$ 2,579,071	\$ 26,107,971
	A&I-2	2	A-1	\$	\$	\$
	A&I-2	2	A-2	\$ 3,232,510	0	\$ 3,232,510
	A&I-2	2	A-2	\$ 1,251,434	0	\$ 1,251,434
	A&I-2	2	A-3	\$ 156,280	0	\$ 156,280

AUDIT ADJUSTMENTS

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Adj. No.	Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	Form	Page Line				
8	A&I-2	2 A-4	Property Taxes and License Fees	\$ 129,965	\$ 0	\$ 129,965
	A&I-2	2 A-5	Utility Expenses	\$ 800,684	\$ 0	\$ 800,684
	A&I-2	2 A-6	Malpractice Insurance Expense	\$ 566,194	\$ 0	\$ 566,194
	A&I-2	2 B	Gross Operating Expenses	\$ 78,260,772	\$ (1)	\$ 78,260,771
	A&I-2	2 C-1	Student and Physician Salaries	\$ 0	\$ 0	\$ 0
9	A&I-2	2 C-2	Professional Fees	\$ 2,527,454	\$ 0	\$ 2,527,454
	A&I-2	2 D	Pharmacy Nonlabor Expense	\$ 0	\$ 1,753,713	\$ 1,753,713
10	A&I-2	2 E	Food Services Nonlabor Expense	\$ 291,153	\$ 0	\$ 291,153
	A&I-2	2 F-1	Direct Operating - Salaries and Wages	\$ 37,574,426	\$ (5,065,537)	\$ 32,508,889
	A&I-2	2 F-2	Direct Operating - Employee Benefits	\$ 11,148,568	\$ 0	\$ 11,148,568
	A&I-2	2 F-3	Direct Operating - Other Professional Fees	\$ 3,596,497	\$ 0	\$ 3,596,497
	A&I-2	2 F-4	Direct Operating - Purchased Services	\$ 7,911,230	\$ 0	\$ 7,911,230
	A&I-2	2 F-5	Direct Operating - Supplies	\$ 6,935,469	\$ 0	\$ 6,935,469

AUDIT ADJUSTMENTS

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Report Reference		Explanation of Audit Adjustments			Increase (Decrease)	Audited
Adj. No.	Form	Page	Line	Reported		
11	A&I-2	2	F-6	\$ 0	\$ 385,194	\$ 385,194
	A&I-2	3	A-1-a	\$ 3,790,018	\$ 0	\$ 3,790,018
	A&I-2	3	A-1-b	71,271	0	71,271
	A&I-2	3	A-2-a	\$ 7,033,146	\$ 0	\$ 7,033,146
	A&I-2	3	A-2-b	165,159	0	165,159
	A&I-2	3	A-3-a	\$ 13,848,340	\$ 0	\$ 13,848,340
	A&I-2	3	A-3-b	225,639	0	225,639
	A&I-2	3	A-4-a	\$ 81,039	\$ 0	\$ 81,039
	A&I-2	3	A-4-b	2,341	0	2,341
	A&I-2	3	A-5-a	\$ 2,898,630	\$ 0	\$ 2,898,630
	A&I-2	3	A-5-b	117,293	0	117,293
	A&I-2	3	A-6-a	\$	\$	\$
	A&I-2	3	A-6-b	\$	\$	\$
	A&I-2	3	A-7-a	\$ 10,251	\$ 0	\$ 10,251
	A&I-2	3	A-7-b	315	0	315
	A&I-2	3	A-8-a	\$ 1,567,477	\$ 0	\$ 1,567,477
	A&I-2	3	A-8-b	65,915	0	65,915

AUDIT ADJUSTMENTS

Provider: PETALUMA VALLEY HOSPITAL		Provider No. ZZR00136G	Fiscal Period: JULY 1, 2007 THROUGH JUNE 30, 2008		No. of Adjs: 11		
Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
	A&I-2	3	A-9-a	Productive Salaries - Clerical and Other Administrative Productive Hours	\$ 3,279,988	\$ 0	\$ 3,279,988
	A&I-2	3	A-9-b		\$ 147,409	\$ 0	\$ 147,409
	A&I-2	3	A-10-a	Productive Salaries - Other Productive Hours	\$	\$	\$
	A&I-2	3	A-10-b		\$	\$	\$
	N/A	N/A	A-11-a	Nonproductive Salaries Nonproductive Hours	\$ 5,065,538	\$ 0	\$ 5,065,538
	N/A	N/A	A-11-b		\$ 121,108	\$ 0	\$ 121,108
	N/A	N/A	B 1	Subtotal Productive Salaries Subtotal Productive Hours	\$ 32,508,889	\$ 0	\$ 32,508,889
	N/A	N/A	B 2		\$ 795,342	\$ 0	\$ 795,342
	N/A	N/A	C	Total Productive and Nonproductive Salaries	\$ 37,574,427	\$ 0	\$ 37,574,427
	N/A	N/A	D	Total Productive and Nonproductive Hours	916,450	0	916,450

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

**FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES**

PROVIDER PETALUMA VALLEY HOSPITAL	PROVIDER NO. ZZR00136G	FPE June 30, 2008
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SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	TOTAL LINES	ADJUSTMENTS					OTHER Admin. Day	ADJUSTED TOTAL
		NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE		
JUL 2007	50		2		1			47
AUG 2007	77		2		3	3	2	67
SEPT 2007	61					1	1	59
OCT 2007	80		4			2		74
NOV 2007	62		2					60
DEC 2007	54					1		53
JAN 2008	66					1		65
FEB 2008	72					3		69
MAR 2008	65				1	2		62
APR 2008	62					2		60
MAY 2008	62		2		2			58
JUN 2008	62				1			61
TOTALS	773		12		8	15	3	735