

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

**RANCHO SPECIALTY HOSPITAL
RANCHO CUCAMONGA, CALIFORNIA
PROVIDER NUMBER: HSP 30756F
NPI: 1568578110**

**FISCAL PERIOD ENDED
SEPTEMBER 30, 2008**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: Jose Salazar**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

September 29, 2010

David Ishii, CFO
Rancho Specialty Hospital
10841 White Oak Avenue
Rancho Cucamonga, CA 91730

PROVIDER: RANCHO SPECIALTY HOSPITAL
PROVIDER NO. HSP 30756F
NPI: 1568578110
FISCAL PERIOD ENDED SEPTEMBER 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 review.

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.

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

Chief
Office of Administrative Appeals and Hearings
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 95899-7413

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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

RATE DEVELOPMENT WORKSHEETS

PROVIDER: RANCHO SPECIALTY HOSPITAL
PROVIDER NOS. HSP 30756F / NPI 1568578110
FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 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)	\$ 128,620				\$ 128,620
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 261				\$ 261
C. Medi-Cal Inpatient Days (Adjs. 3, 4)					
1. Routine (Adults & Pediatrics)		61			61
2. ICU		9			9
3. CCU					
4. Nursery					
5. NICU					
6. Other (Specify)					
a.					
b.					
D. Total Hospital Discharges (Adj. 5)		N/A		N/A	789
E. Total Medi-Cal Discharges (Adj. 6)		3			3
F. Total Medi-Cal Inpatient Charges (Adj. 7)	\$ 737,840				\$ 737,840

RATE DEVELOPMENT WORKSHEETS

PROVIDER: RANCHO SPECIALTY HOSPITAL
PROVIDER NOS. HSP 30756F / NPI 1568578110
FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 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	\$	593,231
2. Rent and Lease Expense:	8820, and/or .75 and .76	\$	4,256,001
3. Interest Expense:	8860, 8870	\$	133,446
4. Property Taxes and License Fees:	8850 and/or .83	\$	371,949
5. Utility Expense:	.77, .78, .79, and .80	\$	477,369
6. Malpractice Insurance Expense:	8830 and/or .81	\$	112,705
 B. GROSS OPERATING EXPENSES	 Sch 10, line 101, col. 3	 \$	 32,503,522
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	
2. Professional Fees	.20	\$	672,940
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	2,219,482
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	252,169
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	12,799,594
2. Employee Benefits	.10 - .19, .92, .96	\$	3,038,891
3. Other Professional Fees	.21 - .29	\$	814,566
4. Purchased Services	.61 - .69	\$	5,400,397
5. Supplies	.31 - .36, .93, .97	\$	2,488,408
6. Other Direct Operating Expense	.85 - .90	\$	358,068

RATE DEVELOPMENT WORKSHEETS

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PROVIDER NOS. HSP 30756F / NPI 1568578110
FISCAL PERIOD: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)	<u>REFERENCE</u>		
1. Management and Supervision			
a. Productive Salaries	.00	\$	2,670,572
b. Productive Hours			56,858.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	2,392,838
b. Productive Hours			88,712.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	3,747,436
b. Productive Hours			95,062.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,286,608
b. Productive Hours			55,159.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	695,641
b. Productive Hours			52,282.00
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	\$	463,919
b. Productive Hours			40,232.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	1,542,578
b. Productive Hours			60,699.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	
b. Productive Hours			
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	945,198
b. Productive Hours	Report or Provider W/P		33,157.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>12,799,592</u>
2. Productive Hours (lines 1b - 10b)			<u>449,004.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>13,744,790</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>482,161.00</u>

AUDIT ADJUSTMENTS

Provider: RANCHO SPECIALTY HOSPITAL		Provider No. HSP 30756F	Fiscal Period: OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008	No. of Adjs: 32			
Report Reference		Explanation of Audit Adjustments					
Adj. No.	Form	Page	Line				
				Increase (Decrease)			
				Reported			
				Audited			
<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>							
1	A&I-2	1	A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 0	\$ 128,620	\$ 128,620
2	A&I-2	1	B	Deductibles and Coinsurance - Noncontract	\$ 0	\$ 261	\$ 261
3	A&I-2	1	C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	0	61	61
4	A&I-2	1	C-2	Medi-Cal Inpatient Days - ICU - Noncontract	0	9	9
5	A&I-2	1	D	Total Hospital Discharges	0	789	789
6	A&I-2	1	E	Total Medi-Cal Discharges - Acute - Noncontract	0	3	3
7	A&I-2	1	F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 0	\$ 737,840	\$ 737,840
8	A&I-2	2	A-3	Interest Expense	\$ 32,060	\$ 101,386	\$ 133,446
9	A&I-2	2	B	Gross Operating Expenses	\$ 35,106,745	\$ (2,603,223)	\$ 32,503,522
10	A&I-2	2	E	Food Services Nonlabor Expenses	\$ 61,793	\$ 190,376	\$ 252,169
11	A&I-2	2	F-4	Direct Operating - Purchased Services	\$ 5,590,773	\$ (190,376)	\$ 5,400,397
12	A&I-2	2	F-6	Other Direct Operating Expense	0	358,068	358,068
13	A&I-2	3	A-1-a	Productive Salaries - Management and Supervision	\$ 2,869,240	\$ (198,668)	\$ 2,670,572
14	A&I-2	3	A-1-b	Productive Hours - Management and Supervision	64,686.00	(7,828.00)	56,858.00

AUDIT ADJUSTMENTS

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Report Reference		Line	Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form Page					
15	A&I-2 3	A-2-a	Productive Salaries - Technicians and Specialists Productive Hours - Technicians and Specialists	\$ 2,816,457	\$ (423,619)	\$ 2,392,838
16	A&I-2 3	A-2-b		\$ 100,939.00	\$ (12,227.00)	\$ 88,712.00
17	A&I-2 3	A-3-a	Productive Salaries - Registered Nurses Productive Hours - Registered Nurses	\$ 4,062,417	\$ (314,981)	\$ 3,747,436
18	A&I-2 3	A-3-b		\$ 102,937.00	\$ (7,875.00)	\$ 95,062.00
19	A&I-2 3	A-4-a	Productive Salaries - Licensed Vocational Nurses Productive Hours - Licensed Vocational Nurses	\$ 1,578,612	\$ (292,004)	\$ 1,286,608
20	A&I-2 3	A-4-b		\$ 66,384.00	\$ (11,225.00)	\$ 55,159.00
21	A&I-2 3	A-5-a	Productive Salaries - Aides and Orderlies Productive Hours - Aides and Orderlies	\$ 773,613	\$ (77,972)	\$ 695,641
22	A&I-2 3	A-5-b		\$ 58,123.00	\$ (5,841.00)	\$ 52,282.00
23	A&I-2 3	A-8-a	Productive Salaries - Environmental and Food Services Productive Hours - Environmental and Food Services	\$ 450,849	\$ 13,070	\$ 463,919
24	A&I-2 3	A-8-b		\$ 38,897.00	\$ 1,335.00	\$ 40,232.00
25	A&I-2 3	A-9-a	Productive Salaries - Clerical and Other Administrative Productive Hours - Clerical and Other Administrative	\$ 1,597,014	\$ (54,436)	\$ 1,542,578
26	A&I-2 3	A-9-b		\$ 61,723.00	\$ (1,024.00)	\$ 60,699.00
27	A&I-2 3	A-11-a	Nonproductive Salaries Nonproductive Hours	\$ 0	\$ 945,198	\$ 945,198
28	A&I-2 3	A-11-b		\$ 0	\$ 33,157.00	\$ 33,157.00
29	A&I-2 3	B-1	Subtotal Productive Salaries Subtotal Productive Hours	\$ 14,148,201	\$ (1,348,609)	\$ 12,799,592
30	A&I-2 3	B-2		\$ 493,689.00	\$ (44,685.00)	\$ 449,004.00
31	A&I-2 3	C	Total Productive and Nonproductive Salaries	\$ 14,148,201	\$ (403,411)	\$ 13,744,790
32	A&I-2 3	D	Total Productive and Nonproductive Hours	\$ 493,689.00	\$ (11,528.00)	\$ 482,161.00

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 RANCHO SPECIALTY HOSPITAL	PROVIDER NO. 1568578110	FPE SEPTEMBER 30, 2008
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SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS					OTHER (EXPLAIN)	ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE		
10/1/07-9/30/08	1	7				3	1		3
TOTALS						3	1		3