

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

**SANTA BARBARA COTTAGE HOSPITAL
SANTA BARBARA, CALIFORNIA
PROVIDER NUMBER: ZZT30396F
NATIONAL PROVIDER IDENTIFIER: 1477554152**

**FISCAL PERIOD ENDED
DECEMBER 31, 2008**

**Audits Section—Gardena
Financial Audits Branch
Audits and Investigations
California Department of Health Care Services**

**Section Chief: Maria Delgado
Audit Supervisor: Cyrus Lam
Auditor: Clara Yau**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

August 31, 2011

Joan Bricher
Senior Vice President
Chief Financial Officer
Santa Barbara Cottage Hospital
320 West Pueblo Street
Santa Barbara, CA 93105

PROVIDER: SANTA BARBARA COTTAGE HOSPITAL
PROVIDER NO.: ZZT30396F
NATIONAL PROVIDER IDENTIFIER: 1477554152
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.

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

Joan Bricher
Page 2

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

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) 440-7745

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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

cc: Anthony Lewis
Reimbursement Manager
Finance Department
Santa Barbara Cottage Hospital
P.O. Box 689
Santa Barbara, CA 93105

RATE DEVELOPMENT BRANCH SCHEDULES

PROVIDER: SANTA BARBARA COTTAGE HOSPITAL
PROVIDER NO. ZZT30396F
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 (Adjs 1,2)	\$ 13,440,668	\$	0	\$	\$ 13,440,668
B. Deductibles and Coinsurance (Third Party Liability) (Adj 3)	\$ 77,236	\$	0	\$	\$ 77,236
C. Medi-Cal Inpatient Days (Adjs 4-15)					
1. Routine (Adults & Pediatrics)	4,207		0		4,207
2. ICU	233		0		233
3. CCU	40		0		40
4. Nursery	1,771		0		1,771
5. NICU	573		0		573
6. Other (Specify)					
a. Pediatric Intensive (PICU)	221		0		221
b.					
D. Average Per Diem (Adjs 16-21)					
1. Routine (Adults & Pediatrics)				\$	954.53
2. ICU				\$	2,419.31
3. CCU				\$	2,124.23
4. Nursery				\$	348.72
5. NICU				\$	1,508.62
6. Other (Specify)					
a. Pediatric Intensive (PICU)				\$	2,627.91
b.				\$	
E. Total Hospital Discharges ** (Adj 22)	N/A		N/A		21,640
F. Total Medi-Cal Discharges** (Adjs 23,24)	1,343				1,343
G. Total Medi-Cal Inpatient Charges (Adjs 25,26)	\$ 40,929,382	\$		\$	\$ 40,929,382

* Do not include data for NF or Administrative Days.

** Do not include newborns that were born in the hospital.

RATE DEVELOPMENT BRANCH SCHEDULES

PROVIDER: SANTA BARBARA COTTAGE HOSPITAL
PROVIDER NO. ZZT30396F
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	\$	18,955,916
2. Rent and Lease Expense: (Adj 27)	8820, and/or .75 and .76	\$	3,378,710
3. Interest Expense:	8860, 8870	\$	2,936,248
4. Property Taxes and License Fees:	8850 and/or .83	\$	415,439
5. Utility Expense:	.77, .78, .79, and .80	\$	4,634,682
6. Malpractice Insurance Expense:	8830 and/or .81	\$	2,219,348
B. GROSS OPERATING EXPENSES (Adj 28)	Sch 10, line 101, col. 3	\$	327,326,131
C. STUDENT AND PHYSICIANS COMPENSATION			
1. Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	3,337,414
2. Professional Fees	.20	\$	7,121,592
D. PHARMACY NONLABOR EXPENSES	8390.37 and 8390.38	\$	13,565,788
E. FOOD SERVICES NONLABOR EXPENSES	8320, 8330 and 8340 and/or .42 and .43	\$	2,566,714
F. DIRECT OPERATING COSTS			
1. Salaries and Wages	.00 - .09, .91, .95	\$	125,921,637
2. Employee Benefits (Adj 29)	.10 - .19, .92 - .96	\$	50,672,139
3. Other Professional Fees	.21 - .29	\$	19,782,456
4. Purchased Services	.61 - .69	\$	38,163,469
5. Supplies	.31 - .36, .93, .97	\$	57,567,518

RATE DEVELOPMENT BRANCH SCHEDULES

PROVIDER: SANTA BARBARA COTTAGE HOSPITAL
PROVIDER NO.: ZZT30396F
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	\$	19,067,298
b. Productive Hours			295,189.00
2. Technicians and Specialists			
a. Productive Salaries	.01	\$	31,867,753
b. Productive Hours			867,234.00
3. Registered Nurses			
a. Productive Salaries	.02	\$	44,821,067
b. Productive Hours			949,795.00
4. Licensed Vocational Nurses			
a. Productive Salaries	.03	\$	1,181,331
b. Productive Hours			41,342.00
5. Aides and Orderlies			
a. Productive Salaries	.04	\$	5,743,789
b. Productive Hours			336,214.00
6. Physicians (Salaried)			
a. Productive Salaries	.07	\$	812,335
b. Productive Hours			8,891.00
7. Nonphysician Medical Practitioners			
a. Productive Salaries	.08	\$	214,801
b. Productive Hours			3,736.00
8. Environmental and Food Services			
a. Productive Salaries	.06	\$	6,093,418
b. Productive Hours			404,150.00
9. Clerical and Other Administrative			
a. Productive Salaries	.05	\$	12,635,913
b. Productive Hours			617,827.00
10. Other Salaries and Wages			
a. Productive Salaries	.09	\$	3,483,932
b. Productive Hours			171,239.00
11. All Nonproductive Salaries and Wages			
a. Productive Salaries	Labor Distribution	\$	16,089,629
b. Productive Hours	Report or Provider W/P		384,406.00
B. SUBTOTALS DIRECT PAYROLL COSTS			
1. Productive Salaries (lines 1a - 10a)		\$	<u>125,921,637</u>
2. Productive Hours (lines 1b - 10b)			<u>3,695,617.00</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)		\$	<u>142,011,266</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>4,080,023.00</u>

AUDIT ADJUSTMENTS

Provider: SANTA BARBARA COTTAGE HOSPITAL		Provider No. ZZT30396F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adj: 29	
Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited
Adj. No.	Form Page Line				
		<u>ADJUSTMENTS TO RATE DEVELOPMENT BRANCH SCHEDULES</u>			
1	A&I-2 1 A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 11,554,482	\$ 1,886,186	\$ 13,440,668
2	A&I-2 1 A	Medi-Cal Net Cost of Covered Services - Contract	\$ 21,137,429	\$ (21,137,429)	\$ -
3	A&I-2 1 B	Deductibles and Coinsurance - Noncontract	\$ 58,452	\$ 18,784	\$ 77,236
4	A&I-2 1 C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	3,824	383	4,207
5	A&I-2 1 C-1	Medi-Cal Inpatient Days - Adults and Peds - Contract	6,045	(6,045)	-
6	A&I-2 1 C-2	Medi-Cal Inpatient Days - ICU - Noncontract	180	53	233
7	A&I-2 1 C-2	Medi-Cal Inpatient Days - ICU - Contract	69	(69)	-
8	A&I-2 1 C-3	Medi-Cal Inpatient Days - CCU - Noncontract	39	1	40
9	A&I-2 1 C-3	Medi-Cal Inpatient Days - CCU - Contract	101	(101)	-
10	A&I-2 1 C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	1,733	38	1,771
11	A&I-2 1 C-4	Medi-Cal Inpatient Days - Nursery - Contract	698	(698)	-
12	A&I-2 1 C-5	Medi-Cal Inpatient Days - NICU - Noncontract	507	66	573
13	A&I-2 1 C-5	Medi-Cal Inpatient Days - NICU - Contract	1,910	(1,910)	-
14	A&I-2 1 C-6a	Medi-Cal Inpatient Days - PICU Noncontract	201	20	221
15	A&I-2 1 C-6a	Medi-Cal Inpatient Days - PICU Contract	127	(127)	-
16	A&I-2 1 D-1	Average Per Diem - Routine (Adults and Pediatrics)	\$ -	\$ 954.53	\$ 954.53
17	A&I-2 1 D-2	Average Per Diem - ICU	\$ -	\$ 2,419.31	\$ 2,419.31
18	A&I-2 1 D-3	Average Per Diem - CCU	\$ -	\$ 2,124.23	\$ 2,124.23

AUDIT ADJUSTMENTS

Provider: SANTA BARBARA COTTAGE HOSPITAL		Provider No. ZZT30396F	Fiscal Period: JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	No. of Adjs: 29		
Report Reference		Explanation of Audit Adjustments	Reported	Increase (Decrease)	Audited	
Adj. No.	Form					Page
19	A&I-2	1	D-4	\$	\$ 348.72	\$ 348.72
20	A&I-2	1	D-5	\$	\$ 1,508.62	\$ 1,508.62
21	A&I-2	1	D-6a	\$	\$ 2,627.91	\$ 2,627.91
22	A&I-2	1	E		17,275	21,640
23	A&I-2	1	F		1,295	1,343
24	A&I-2	1	F		1,288	-
25	A&I-2	1	G	\$	\$ 31,363,423	\$ 40,929,382
26	A&I-2	1	G	\$	\$ 78,864,952	\$ (78,864,952)
27	A&I-2	2	A-2	\$	\$ 17,278,710	\$ (13,900,000)
28	A&I-2	2	B	\$	\$ 347,253,606	\$ (19,927,475)
29	A&I-2	2	F-2	\$	\$ 50,987,141	\$ (315,002)

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