

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SHIRLEY'S ICF DDH #2  
STOCKTON, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1770760019**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Blanca Dacanay  
Auditors: Betty Clark, Kenny Mooc, and Mandeep Kaur**



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



EDMUND G. BROWN JR.  
GOVERNOR

June 19, 2013

Shirley Gapasin, Administrator  
Shirley's Care Home, Inc.  
9565 Colington Place  
Stockton, CA 95209

SHIRLEY'S ICF DDH #2  
NATIONAL PROVIDER IDENTIFIER (NPI) 1770760019  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs, patient days, and use of share of cost for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	282,771	\$ 145.61
Net Audit Adjustment		<u>6,015</u>	<u>3.10</u>
Audited Cost/Cost Per Day	\$	<u>288,786</u>	\$ <u>148.71</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
1. Audit Adjustments that include a summary of the total due the State in the amount of \$1,114, which resulted from Medi-Cal overpayments.

The audit settlement will be incorporated into a Statements of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statements of Account

Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statements of Account Status.

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rates Development Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

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

Chief  
Department of Health Care Services  
Office of Administrative Hearings and Appeals  
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

**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  
(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.

Shirley Gapasin  
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If you have questions regarding this report, you may call the Audits Section—  
Sacramento (916) 650-6994.

**Original Signed By**

Robert G. Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

**Provider:**  
SHIRLEY'S ICF DDH #2

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1770760019

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	1,942	1,942
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,942</u>	<u>1,942</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>282,771</u>	\$ <u>288,786</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>145.61</u>	\$ <u>148.71</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj 15)	\$ <u>NA</u>	\$ <u>1,114</u>
<b>OVERPAYMENTS</b>		
1. Duplicate Payments (Adj )	\$ <u>          </u>	\$ <u>          0</u>
2. Credit Balances (Adj )	\$ <u>          </u>	\$ <u>          0</u>
3. Total Overpayments	\$ <u>          0</u>	\$ <u>          0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SHIRLEY'S ICF DDH #2

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1770760019

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	1,2	\$ 2,264	\$ 1,831	\$ 4,095
050	Leases and Rentals				0
055	Real Property Taxes	3	2,116	(146)	1,970
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	4	3,375	(233)	3,142
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 7,755	\$ 1,452	\$ 9,207
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	5	\$ 17,355	\$ (4,510)	\$ 12,845
085	Utilities	6,7	8,214	(1,008)	7,206
090	Client Transportation (excluding Adult Day Services)	8	823	(823)	0
095	Dietary		9,444		9,444
100	Personal Care and Laundry		300		300
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,136	\$ (6,341)	\$ 29,795
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 43,891	\$ (4,889)	\$ 39,002
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 23,500	\$	\$ 23,500
120	QMRP Fringe Benefits				0
125	Lead Salaries	9	24,600	3,950	28,550
130	Lead Fringe Benefits	10	5,451	875	6,326
135	Aides Salaries	9	78,512	12,605	91,117
140	Aides Fringe Benefits	10	17,398	2,793	20,191
145	Other Salaries	9	15,000	2,408	17,408
150	Other Fringe Benefits	10	3,324	534	3,858
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 167,785	\$ 23,165	\$ 190,950

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SHIRLEY'S ICF DDH #2

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1770760019

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 798	\$	\$ 798
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		720		720
185	Nurse Consultant	11	30,000	(12,000)	18,000
190	Psychologist Consultant		0		0
195	Physician Consultant	12	1,200	(1,200)	0
200	Recreational Consultant		1,100		1,100
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 33,818	\$ (13,200)	\$ 20,618
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		31,162		31,162
230	Other General and Administrative*** (Excluding Adult Day Services)	13,14	6,115	939	7,054
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 37,277	\$ 939	\$ 38,216
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 282,771	\$ 6,015	\$ 288,786
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		318,745		318,745
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 601,516	\$ 6,015	\$ 607,531

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
SHIRLEY'S ICF DDH #2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770760019	15	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	45	4	2	45	3	Depreciation and Amortization	\$2,264		
							To adjust building depreciation expense to agree with the historical cost. 42 CFR 413.20, 413.24, 413.50, and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304		\$2,135	
2							To eliminate a portion of depreciation expense to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(304)	\$4,095
									\$1,831	
3	4	55	4	2	55	3	Real Property Taxes	\$2,116	(\$146)	\$1,970
							To eliminate a portion of real property taxes expense to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			
4	4	70	4	2	70	3	Property Insurance	\$3,375	(\$233)	\$3,142
							To eliminate a portion of property insurance expense to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			
5	4	80	4	2	80	3	Home Operations and Maintenance	\$17,355	(\$4,510)	\$12,845
							To eliminate home operations and maintenance expenses booked in repairs and maintenance and medical expense accounts due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			
6	4	85	4	2	85	3	Utilities	\$8,214	(\$474)	\$7,740 *
							To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SHIRLEY'S ICF DDH #2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770760019		15	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
7	4	85	4	2	85	3	Utilities To eliminate a portion of utilities expense to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	*	\$7,740	(\$534)	\$7,206
8	4	90	4	2	90	3	Client Transportation To eliminate client transportation expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		\$823	(\$823)	\$0
9	4.1	125	4	2	125	3	Lead Salaries		\$24,600	\$3,950	\$28,550
	4.1	135	4	2	135	3	Aides Salaries		78,512	12,605	91,117
	4.1	145	4	2	145	3	Other Salaries To reallocate salaries expense utilizing patient days as the statistic due to insufficient documentation and in conjunction with salaries adjustments in Shirley's #1, #3, and #5. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		15,000	2,408	17,408
10	4.1	130	4	2	130	3	Lead Fringe Benefits		\$5,451	\$875	\$6,326
	4.1	140	4	2	140	3	Aides Fringe Benefits		17,398	2,793	20,191
	4.1	150	4	2	150	3	Other Fringe Benefits To reallocate lead fringe benefits expense utilizing patient days as the statistic due to insufficient documentation and in conjunction with adjustments in Shirley's #1, #3, and #5. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		3,324	534	3,858

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SHIRLEY'S ICF DDH #2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770760019		15
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
11	4.1	185	4	2	185	3	Nurse Consultant To eliminate Nurse Consultant expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$30,000	(\$12,000)	\$18,000
12	4.1	195	4	2	195	3	Physician Consultant To eliminate physician consultant expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$1,200	(\$1,200)	\$0
13	4.1	230	4	2	230	3	Other General and Administrative  To eliminate office supplies expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$6,115	(\$342)	
14							To adjust reported home office costs to agree with the Shirley's Care Home, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		1,281 \$939	\$7,054

Provider Name				Fiscal Period				Provider NPI		Adjustments
SHIRLEY'S ICF DDH #2				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1770760019		15
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENT TO OTHER MATTERS</u>										
15	Not Reported			1	1		Share of Cost To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$1,114	\$1,114