

**REPORT
ON THE
RATE SETTING AUDIT**

**SHIRLEY'S ICF DDN #5
STOCKTON, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1053563536**

**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**



TOBY DOUGLAS
DIRECTOR

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 DDN #5
NATIONAL PROVIDER IDENTIFIER (NPI) 1053563536
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	\$	303,840	\$ 154.16
Net Audit Adjustment		<u>(11,573)</u>	<u>(5.88)</u>
Audited Cost/Cost Per Day	\$	<u>292,267</u>	\$ <u>148.28</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$636, 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 DDN #5

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

Provider NPI:
1053563536

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,971	1,971
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,971</u>	<u>1,971</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>303,840</u>	\$ <u>292,267</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>154.16</u>	\$ <u>148.28</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 17)	\$ <u>NA</u>	\$ <u>636</u>
OVERPAYMENTS		
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 DDN #5

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

Provider NPI:
1053563536

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1,2	\$ 2,264	\$ 6,368	\$ 8,632
050	Leases and Rentals				0
055	Real Property Taxes				0
060	Personal Property Taxes	3	5,129	(569)	4,560
065	Mortgage Interest				0
070	Property Insurance	4	3,375	(386)	2,989
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 10,768	\$ 5,413	\$ 16,181
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5,6	\$ 13,811	(1,715)	\$ 12,096
085	Utilities	7-9	9,000	(1,739)	7,261
090	Client Transportation (excluding Adult Day Services)	10	787	(787)	0
095	Dietary		10,277		10,277
100	Personal Care and Laundry		300		300
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 34,175	\$ (4,241)	\$ 29,934
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 44,943	\$ 1,172	\$ 46,115
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 22,600	\$	\$ 22,600
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	11	24,000	1,338	25,338
130	Lead Fringe Benefits	12	4,370	253	4,623
135	Aides Salaries	11	96,912	5,603	102,515
140	Aides Fringe Benefits	12	17,648	1,020	18,668
145	Other Salaries	11	15,000	867	15,867
150	Other Fringe Benefits	12	2,732	158	2,890
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 183,262	\$ 9,239	\$ 192,501

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SHIRLEY'S ICF DDN #5

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

Provider NPI:
1053563536

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 2,470	\$	\$ 2,470
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	13	39,518	(21,518)	18,000
190	Psychologist Consultant		0		0
195	Physician Consultant	14	1,200	(1,200)	0
200	Recreational Consultant		3,550		3,550
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 47,458	\$ (22,718)	\$ 24,740
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		22,827		22,827
230	Other General and Administrative*** Adult Day Services) (Excluding	15,16	5,350	734	6,084
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 28,177	\$ 734	\$ 28,911
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 303,840	\$ (11,573)	\$ 292,267
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		38,236		38,236
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 342,076	\$ (11,573)	\$ 330,503

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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 DDN #5							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1053563536	17	
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				
ADJUSTMENTS TO REPORTED COSTS										
1	4	45	4	2	45	3	Depreciation and Amortization	\$2,264		
							To adjust building depreciation expense to agree with historical cost. 42 CFR 413.20, 413.24, 413.50 and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304		\$7,445	
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		(1,077)	\$8,632
									\$6,368	
3	4	60	4	2	60	3	Personal Property Taxes	\$5,129	(\$569)	\$4,560
							To eliminate a portion of personal 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	(\$386)	\$2,989
							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	\$13,811		
							To adjust 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		(\$1,167)	
6							To eliminate home operations and maintenance expenses booked in repairs and maintenance and medical expense accounts 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)		(548)	\$12,096
									(\$1,715)	

Provider Name							Fiscal Period		Provider NPI		Adjustments	
SHIRLEY'S ICF DDN #5							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1053563536		17	
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						
ADJUSTMENTS TO REPORTED COSTS												
7	4	85	4	2	85	3	Utilities	\$9,000				
							To eliminate premium television service expenses not related to patient care. 42 CFR 413.9(c)(3), 413.24, and 413.50 CMS Pub. 15-1, Sections 2102.3, 2106.1, and 2304			(\$409)		
8							To adjust 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			(424)		
9							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			(906)		
										(\$1,739)		\$7,261
10	4	90	4	2	90	3	Client Transportation	\$787		(\$787)		\$0
							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)					
11	4.1	125	4	2	125	3	Lead Salaries	\$24,000		\$1,338		\$25,338
	4.1	135	4	2	135	3	Aides Salaries	96,912		5,603		102,515
	4.1	145	4	2	145	3	Other Salaries	15,000		867		15,867
							To reallocate salaries expense utilizing patient days as the statistic due to insufficient documentation and in conjunction with salaries adjustments in Shirley's #1, #2, and #3. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304					

Provider Name							Fiscal Period	Provider NPI		Adjustments
SHIRLEY'S ICF DDN #5							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1053563536		17
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				
ADJUSTMENTS TO REPORTED COSTS										
12	4.1	130	4	2	130	3	Lead Fringe Benefits	\$4,370	\$253	\$4,623
	4.1	140	4	2	140	3	Aides Fringe Benefits	17,648	1,020	18,668
	4.1	150	4	2	150	3	Other Fringe Benefits	2,732	158	2,890
							To reallocate lead fringe benefits expense utilizing patient days as the statistic due to insufficient documentation and in conjunction with salaries adjustments in Shirley's #1, #2, and #3. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
13	4.1	185	4	2	185	3	Nurse Consultant	\$39,518	(\$21,518)	\$18,000
							To eliminate nurse 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)			
14	4.1	195	4	2	195	3	Physician Consultant	\$1,200	(\$1,200)	\$0
							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)			
15	4.1	230	4	2	230	3	Other General and Administrative	\$5,350	(\$567)	\$4,783 *
							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)			

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SHIRLEY'S ICF DDN #5							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1053563536		17	
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					
ADJUSTMENTS TO REPORTED COSTS											
16	4.1	230	4	2	230	3	Other General and Administrative 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	*	\$4,783	\$1,301	\$6,084

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
SHIRLEY'S ICF DDN #5				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1053563536		17
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>										
17	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	\$636	\$636