

**REPORT
ON THE
RATE SETTING AUDIT**

**KINDRED NURSING AND TRANSITIONAL CARE –
SANTA CRUZ
SANTA CRUZ, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1750396248**

**FISCAL PERIOD ENDED
JUNE 30, 2012**

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

**Section Chief: Michael Harrold
Auditor: Sandy Feng**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 15, 2014

Donna Dornbrook
Corporate Director of Reimbursement
Kindred Healthcare, Inc.
680 South Fourth Street
Louisville, KY 40202

KINDRED NURSING AND TRANSITIONAL CARE – SANTA CRUZ
NATIONAL PROVIDER IDENTIFIER (NPI) 1750396248
FISCAL PERIOD ENDED JUNE 30, 2012

We have examined the facility's Integrated Disclosure and 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 patient share of cost. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and was limited to a review of the cost report and accompanying financial statements, Medi-Cal payment data reports, prior fiscal period's Medi-Cal program audit report, and Medicare audit report for the current fiscal period, if applicable and available.

In our opinion, the data presented in the accompanying Summary of Audited Facility Cost per Patient Day represents 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.

This audit report includes the:

1. Summary of Audited Facility Cost per Patient Day and supporting schedules
2. Audit adjustments that include a summary of the total due the State in the amount of \$430, which resulted from Medi-Cal overpayments
3. Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement 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.

If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch
Certified

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility No.:
206440809

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
SKILLED NURSING CARE				
1	Cost of Direct Care - Labor (Sch. 2, Ln. 105)	\$ N/A	\$ 5,677,245	\$ 120.84
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 1,190,726	\$ 25.35
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 749,232	\$ 15.95
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 1,624,588	\$ 34.58
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 54,820	\$ 1.17
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 28,859	\$ 0.61
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 74,294	\$ 1.58
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 552,467	\$ 11.76
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 1,321,476	\$ 28.13
11	Cost of Routine Service/Audited Total Costs	\$ 11,330,789	\$ 11,273,706	\$ 239.97
12	Total Patient Days (Adj 8)	46,971	46,980	
13	Cost Per Patient Day (Cost Divided by Days)	\$ 241.23	\$ 239.97	
14	Overpayments (Adj 11)	\$ 0	\$ (430)	
15	Medi-Cal Days (Adj 9)	31,504	1,168	
16	Medi-Cal Managed Care Days (Adj 10)		29,934	
INTERMEDIATE CARE				
17	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
18	Total Patient Days (Adj)	0	0	
19	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
20	Overpayments (Adj)	\$ 0	\$ 0	
21	Medi-Cal Days (Adj)	0	0	
MENTALLY DISORDERED CARE				
22	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
23	Total Patient Days (Adj)	0	0	
24	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
25	Overpayments (Adj)	\$ 0	\$ 0	
DEVELOPMENTALLY DISABLED CARE				
26	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
27	Total Patient Days (Adj)	0	0	
28	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
29	Overpayments (Adj)	\$ 0	\$ 0	
30	Medi-Cal Days (Adj)	0	0	
SUBACUTE CARE				
31	Cost of Direct Care - Labor (Subacute Care Sch. 1, Ln. 25)	\$ N/A	\$ 0	\$ 0.00
32	Cost of Indirect Care - Labor (Subacute Care Sch. 1, Ln. 26)	\$ N/A	\$ 0	\$ 0.00
33	Cost of Direct and Indirect Nonlabor - Other (Subacute Care Sch. 1, Ln. 27)	\$ N/A	\$ 0	\$ 0.00
34	Cost of Capital Related (Subacute Care Sch. 1, Ln. 28)	\$ N/A	\$ 0	\$ 0.00
35	Property Taxes (Subacute Care Sch. 1, Ln. 29)	\$ N/A	\$ 0	\$ 0.00
36	CDPH Licensing Fees (Subacute Care Sch. 1, Ln. 30)	\$ N/A	\$ 0	\$ 0.00
37	Professional Liability Insurance (Subacute Care Sch. 1, Ln. 31)	\$ N/A	\$ 0	\$ 0.00
38	Quality Assurance Fees (Subacute Care Sch. 1, Ln. 32)	\$ N/A	\$ 0	\$ 0.00
39	Caregiver Training (Subacute Care Sch. 1, Ln. 33)	\$ N/A	\$ 0	\$ 0.00
40	Cost of Administration (Subacute Care Sch.1, Ln. 34)	\$ N/A	\$ 0	\$ 0.00
41	Total Cost of Subacute Service (Subacute Care Sch. 1, Ln. 35)	\$ 0	\$ 0	\$ 0.00
42	Total Patient Days (Subacute Care Sch. 1, Ln. 36)	0	0	
43	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
44	Amount Due Provider (State) (Subacute Care Sch. 1, Ln. 40)	\$ 0	\$ 0	

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:

KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:

JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:

1750396248

OSHPD Facility No.:

206440809

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
SUBACUTE CARE - PEDIATRIC				
45	Cost of Routine Service (Subacute Care - Pediatric, Sch. 1, Ln 3)	\$ 0	\$ 0	
46	Cost of Ancillary Service (Subacute Care - Pediatric, Sch. 1, Ln. 1 + Ln. 2)	\$ 0	\$ 0	
47	Total Cost of Subacute Care - Pediatric Service (Ln. 43 + Ln. 44)	\$ 0	\$ 0	
48	Total Patient Days (Subacute Care - Pediatric, Sch. 1, Ln. 5)	0	0	
49	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
50	Amount Due Provider (State) (Subacute Care - Pediatric, Sch. 1, Ln. 9)	\$ 0	\$ 0	
TRANSITIONAL INPATIENT CARE				
51	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
52	Total Patient Days (Adj)	0	0	
53	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
54	Overpayments (Adj)	\$ 0	\$ 0	
HOSPICE INPATIENT CARE				
55	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
56	Total Patient Days (Adj)	0	0	
57	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
58	Overpayments (Adj)	\$ 0	\$ 0	
OTHER ROUTINE SERVICES				
59	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$ 0	\$ 0	
60	Total Patient Days (Adj)	0	0	
61	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
62	Overpayments (Adj)	\$ 0	\$ 0	

**ALLOCATION OF GENERAL SERVICES
DIRECT CARE LABOR**

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility No.:
206440809

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Srvs	Activities	Total
			155	160	
	GENERAL SERVICES				
005	Plant Operations and Maintenance				
010	Housekeeping				
060	Laundry and Linen				
065	Dietary				
155	Social Services	\$ 100,823	\$ 100,823		
160	Activities	121,556		\$ 121,556	
165	Administration				
166	Medical Records				
170	Inservice Education - Nursing				
	ANCILLARY SERVICES				
075	Patient Supplies	0	0	0	0
077	Specialized Support Surfaces	N/A	0	0	0
080	Physical Therapy	0	0	0	0
081	Respiratory Therapy	0	0	0	0
082	Occupational Therapy	0	0	0	0
083	Speech Pathology	0	0	0	0
085	Pharmacy	0	0	0	0
090	Laboratory	0	0	0	0
095	Home Health Services	0	0	0	0
100	Other Ancillary Services	0	0	0	0
101	Subacute Care Ancillary Services	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0
	ROUTINE SERVICES				
105	Skilled Nursing Care	5,454,866	100,823	121,556	5,677,245
110	Intermediate Care	0	0	0	0
115	Mentally Disordered Care	0	0	0	0
120	Developmentally Disabled Care	0	0	0	0
125	Subacute Care	0	0	0	0
126	Subacute Care - Pediatric	0	0	0	0
128	Transitional Inpatient Care	0	0	0	0
130	Hospice Inpatient Care	0	0	0	0
135	Other Routine Services	0	0	0	0
	NONREIMBURSABLE				
139	Residential Care	0	0	0	0
140	Beauty and Barber	0	0	0	0
145	Other Nonreimbursable	0	0	0	0
	TOTAL	\$ 5,677,245	\$ 100,823	\$ 121,556	\$ 5,677,245

* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES
INDIRECT CARE LABOR

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

NPI:
1750396248

OSHPD Facility Number:
206440809

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops	Hskpng	Laundry	Dietary	Soc Srvs	Activities	Inserv. Ed	Accumulated Costs	Admin	Medical Records	Total
			005	010	060	065	155	160	170		165	166	
GENERAL SERVICES													
005	Plant Operations and Maintenance	\$ 53,785	\$ 53,785										
010	Housekeeping	240,769	848	\$ 241,617									
060	Laundry and Linen	157,561	1,949	8,897	\$ 168,407								
065	Dietary	575,929	4,149	18,935	0	\$ 599,012							
155	Social Services	N/A	275	1,256	0	0	\$ 1,531						
160	Activities	N/A	2,097	9,571	0	0	0	\$ 11,668					
165	Administration	N/A	2,888	13,184	0	0	0	0		\$ 16,072	\$ 16,072		
166	Medical Records	109,206	457	2,087	0	0	0	0		111,750		\$ 111,750	
170	Inservice Education - Nursing	93,775	573	2,616	0	0	0	0	\$ 96,964				
ANCILLARY SERVICES													
075	Patient Supplies		421	1,920	0	0	0	0	0	2,341	56	392	\$ 2,790
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	2	15	17
080	Physical Therapy		1,276	5,824	0	0	0	0	0	7,100	885	6,156	14,141
081	Respiratory Therapy		0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy		1,062	4,848	0	0	0	0	0	5,910	824	5,730	12,465
083	Speech Pa hology		166	758	0	0	0	0	0	924	163	1,135	2,222
085	Pharmacy		0	0	0	0	0	0	0	0	597	4,152	4,749
090	Laboratory		0	0	0	0	0	0	0	0	87	607	694
095	Home Health Services		0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services		86	394	0	0	0	0	0	481	136	948	1,565
101	Subacute Care Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
ROUTINE SERVICES													
105	Skilled Nursing Care		37,287	170,186	168,407	599,012	1,531	11,668	96,964	1,085,055	13,287	92,384	1,190,726
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0
125	Subacute Care		0	0	0	0	0	0	0	0	0	0	0
126	Subacute Care - Pediatric		0	0	0	0	0	0	0	0	0	0	0
128	Transitional Inpa ient Care		0	0	0	0	0	0	0	0	0	0	0
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0
135	Other Rou ine Services		0	0	0	0	0	0	0	0	0	0	0
NONREIMBURSABLE													
139	Residential Care		0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber		205	934	0	0	0	0	0	1,139	30	210	1,379
145	Other Nonreimbursable		45	208	0	0	0	0	0	253	3	21	277
TOTAL		\$ 1,231,025	\$ 53,785	\$ 241,617	\$ 168,407	\$ 599,012	\$ 1,531	\$ 11,668	\$ 96,964	\$ 1,103,203	\$ 16,072	\$ 111,750	\$ 1,231,025

* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES
OTHER - NONLABOR

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

NPI:
1750396248

OSHPD Facility Number:
206440809

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Svcs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
GENERAL SERVICES													
005	Plant Operations and Maintenance	\$ 244,119	\$ 244,119										
010	Housekeeping	20,114	3,850	\$ 23,964									
060	Laundry and Linen	17,814	8,847	882	\$ 27,543								
065	Dietary	332,967	18,829	1,878	0	\$ 353,674							
155	Social Services	0	1,249	125	0	0	\$ 1,374						
160	Activities	9,627	9,518	949	0	0	0	\$ 20,094					
165	Administration	N/A	13,110	1,308	0	0	0	0		\$ 14,418	\$ 14,418		
166	Medical Records	3,809	2,075	207	0	0	0	0		6,091		\$ 6,091	
170	Inservice Education - Nursing	283	2,601	259	0	0	0	0	\$ 3,144				
ANCILLARY SERVICES													
075	Patient Supplies	19,714	1,910	190	0	0	0	0	0	21,814	51	21	\$ 21,886
077	Specialized Support Surfaces	1,428	0	0	0	0	0	0	0	1,428	2	1	1,431
080	Physical Therapy	547,908	5,791	578	0	0	0	0	0	554,277	794	336	555,407
081	Respiratory Therapy	0	0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy	515,635	4,821	481	0	0	0	0	0	520,937	739	312	521,988
083	Speech Pathology	104,103	754	75	0	0	0	0	0	104,932	146	62	105,140
085	Pharmacy	408,046	0	0	0	0	0	0	0	408,046	536	226	408,808
090	Laboratory	59,626	0	0	0	0	0	0	0	59,626	78	33	59,737
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services	89,291	392	39	0	0	0	0	0	89,722	122	52	89,896
101	Subacute Care Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
ROUTINE SERVICES													
105	Skilled Nursing Care	140,333	169,236	16,880	27,543	353,674	1,374	20,094	3,144	732,278	11,919	5,035	749,232
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0
125	Subacute Care	0	0	0	0	0	0	0	0	0	0	0	0
126	Subacute Care - Pediatric	0	0	0	0	0	0	0	0	0	0	0	0
128	Transitional Inpatient Care		0	0	0	0	0	0	0	0	0	0	0
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0
135	Other Routine Services		0	0	0	0	0	0	0	0	0	0	0
NONREIMBURSABLE													
139	Residential Care	0	0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber	11,495	929	93	0	0	0	0	0	12,517	27	11	12,555
145	Other Nonreimbursable	0	206	21	0	0	0	0	0	227	3	1	231
	TOTAL	\$ 2,526,312	\$ 244,119	\$ 23,964	\$ 27,543	\$ 353,674	\$ 1,374	\$ 20,094	\$ 3,144	\$ 2,505,803	\$ 14,418	\$ 6,091	\$ 2,526,312

* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI
1750396248

OSHPD Facility Number
206440809

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total	Capital Related 97% Of Total	Property Tax 3% Of Total
GENERAL SERVICES										
	Capital Related (excluding lines 40 & 45)	\$ 1,751,697	97%							
	Property Tax (line 40)	59,109	3%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ 98,807	\$ 98,807				
166	Medical Records				15,638		\$ 15,638			
170	Inservice Education - Nursing			\$ 19,606						
ANCILLARY SERVICES										
075	Patient Supplies			0	14,393	347	55	\$ 14,795	\$ 14,312	\$ 483
077	Specialized Support Surfaces			0	0	13	2	15	14	0
080	Physical Therapy			0	43,646	5,443	861	49,951	48,320	1,631
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			0	36,333	5,067	802	42,201	40,824	1,378
083	Speech Pathology			0	5,679	1,003	159	6,842	6,618	223
085	Pharmacy			0	0	3,671	581	4,252	4,113	139
090	Laboratory			0	0	536	85	621	601	20
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	2,956	838	133	3,927	3,799	128
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0
ROUTINE SERVICES										
105	Skilled Nursing Care			19,606	1,584,796	81,684	12,928	1,679,407	1,624,588	54,820
110	Intermediate Care			0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0
NONREIMBURSABLE										
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			0	7,002	186	29	7,217	6,982	236
145	Other Nonreimbursable			0	1,556	18	3	1,577	1,526	51
	TOTAL	\$ 1,810,806	100%	\$ 19,606	\$ 1,696,361	\$ 98,807	\$ 15,638	\$ 1,810,806	\$ 1,751,697	\$ 59,109

* (To Schedule 1)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

NPI
1750396248

OSHPD Facility Number
206440809

Fiscal Period
JULY 1, 2011 THROUGH JUNE 30, 2012

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Accum Costs (From Sch 2)	Accum Costs (From Sch 3)	Accum Costs (From Sch 4)	Accum Costs (From Sch 5)	Total Accum Costs	Allocated Admin. Costs	Admin. 67% of Total	DPH Licensing Fees 1% of Total	Professional Liability Ins. 4% of Total	Quality Assur. Fees 28% of Total	Caregiver Training 0% of Total
GENERAL SERVICES														
045	Property Insurance	\$ 19,207												
055	Interest - Other	0												
165	Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor)	1,579,280												
	Total Costs Allocable as Administration	1,598,487	67%											
167	CDPH Licensing Fees	34,908	1%											
168	Professional Liability Insurance	89,868	4%											
169	Quality Assurance Fees	668,276	28%											
174	Caregiver Training	0	0%											
	Total	2,391,539	100%						\$ 2,391,539					
ANCILLARY SERVICES														
075	Patient Supplies			\$ 0	\$ 2,341	\$ 21,814	\$ 14,393	\$ 38,549	8,394	\$ 5,611	\$ 123	\$ 315	\$ 2,346	\$ 0
077	Specialized Support Surfaces			0	0	1,428	0	1,428	311	208	5	12	87	0
080	Physical Therapy			0	7,100	554,277	43,646	605,023	131,748	88,059	1,923	4,951	36,815	0
081	Respiratory Therapy			0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy			0	5,910	520,937	36,333	563,180	122,636	81,969	1,790	4,608	34,269	0
083	Speech Pathology			0	924	104,932	5,679	111,535	24,288	16,234	355	913	6,787	0
085	Pharmacy			0	0	408,046	0	408,046	88,855	59,390	1,297	3,339	24,829	0
090	Laboratory			0	0	59,626	0	59,626	12,984	8,678	190	488	3,628	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	481	89,722	2,956	93,160	20,286	13,559	296	762	5,669	0
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
ROUTINE SERVICES														
105	Skilled Nursing Care			5,677,245	1,085,055	732,278	1,584,796	9,079,373	1,977,096	1,321,476	28,859	74,294	552,467	0
110	Intermediate Care			0	0	0	0	0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0	0	0	0	0
NONREIMBURSABLE														
139	Residential Care			0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber			0	1,139	12,517	7,002	20,658	4,498	3,007	66	169	1,257	0
145	Other Nonreimbursable			0	253	227	1,556	2,036	443	296	6	17	124	0
	SUBTOTAL	\$ 2,391,539		\$ 5,677,245	\$ 1,103,203	\$ 2,505,803	\$ 1,696,361	\$ 10,982,613	\$ 2,391,539					
	Total Administrative Costs							\$ 2,391,539		\$ 1,598,487	\$ 34,908	\$ 89,868	\$ 668,276	\$ 0
	Unit Cost Multiplier							0.21775684						
	Accumulated Administration Costs (Sch 2 thru 5)			\$ 127,822	\$ 20,509	\$ 114,444	\$ 262,775							
	TOTAL FACILITY COSTS							\$ 13,636,927						

(To Schedule 1)

STATISTICS FOR COST ALLOCATION

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

NPI:
1750396248

OSHPD Facility Number:
206440809

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS (Adj 7)	Plant Ops (SQ FT) 5 (Adj 7)	Hskpng (SQ FT) 10 (Adj 7)	Laundry (LBS) 60 (Adj)	Dietary (MEALS) 65 (Adj)	Soc Svcs (DIRECT EXP) 155 (Adj)	Activities (DIRECT EXP) 160 (Adj)	Inserv. Ed (DIRECT EXP) 170 (Adj)	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL ACCUM COST)
GENERAL SERVICES											
005	Plant Operations and Maintenance	579									
010	Housekeeping	373	373								
060	Laundry and Linen	857	857	857							
065	Dietary	1,824	1,824	1,824							
155	Social Services	121	121	121							
160	Activities	922	922	922							
165	Administration	1,270	1,270	1,270							
166	Medical Records	201	201	201							
170	Inservice Education - Nursing	252	252	252							
ANCILLARY SERVICES											
075	Patient Supplies	185	185	185						38,549	38,549
077	Specialized Support Surfaces									1,428	1,428
080	Physical Therapy	561	561	561						605,023	605,023
081	Respiratory Therapy									0	0
082	Occupational Therapy	467	467	467						563,180	563,180
083	Speech Pathology	73	73	73						111,535	111,535
085	Pharmacy									408,046	408,046
090	Laboratory									59,626	59,626
095	Home Health Services									0	0
100	Other Ancillary Services	38	38	38						93,160	93,160
101	Subacute Care Ancillary Services									0	0
102	Subacute Care - Pediatric Ancillary Services									0	0
ROUTINE SERVICES											
105	Skilled Nursing Care	16,394	16,394	16,394	93,494	140,241	5,595,199	5,595,199	5,595,199	9,079,373	9,079,373
110	Intermediate Care						0	0	0	0	0
115	Mentally Disordered Care						0	0	0	0	0
120	Developmentally Disabled Care						0	0	0	0	0
125	Subacute Care						0	0	0	0	0
126	Subacute Care - Pediatric						0	0	0	0	0
128	Transitional Inpatient Care						0	0	0	0	0
130	Hospice Inpatient Care						0	0	0	0	0
135	Other Routine Services						0	0	0	0	0
NONREIMBURSABLE											
139	Residential Care									0	0
140	Beauty and Barber	90	90	90						20,658	20,658
145	Other Nonreimbursable	20	20	20						2,036	2,036
TOTAL STATISTICS		24,227	23,648	23,275	93,494	140,241	5,595,199	5,595,199	5,595,199	10,982,613	10,982,613
TOTAL DIRECT SALARIES COSTS - SCH. 2 UNIT COST MULTIPLIER (DIRECT SALARIES)							\$ 100,823 0.018019556	\$ 121,556 0.021725054			
TOTAL INDIRECT SALARIES COSTS - SCH. 3 UNIT COST MULTIPLIER (INDIRECT SALARIES)			\$ 53,785 2.27439953	\$ 241,617 10.38098178	\$ 168,407 1.80125636	\$ 599,012 4.27130736	\$ 1,531 0.00027368	\$ 11,668 0.00208541	\$ 96,964 0.01732989	\$ 16,072 0.00146343	\$ 111,750 0.01017515
TOTAL INDIRECT OTHER COSTS - SCH. 4 UNIT COST MULTIPLIER (INDIRECT OTHER)			\$ 244,119 10.32302943	\$ 23,964 1.02962363	\$ 27,543 0.29459884	\$ 353,674 2.52190329	\$ 1,374 0.00024551	\$ 20,094 0.00359132	\$ 3,144 0.00056189	\$ 14,418 0.00131279	\$ 6,091 0.00055459
TOTAL CAPITAL COSTS - SCH. 5 UNIT COST MULTIPLIER (CAPITAL COSTS)		\$ 1,810,806 74.74330293	\$ 43,276 1.83002251	\$ 28,562 1.22714717	\$ 66,675 0.71314742	\$ 141,908 1.01188712	\$ 9,414 0.00168249	\$ 71,732 0.01282028	\$ 19,606 0.00350403	\$ 98,807 0.00899664	\$ 15,638 0.00142388

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility Number:
206440809

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
005		Plant Operations and Maintenance					
005	.01-.19	Salaries and Wages	6200	\$ 39,874	\$ 0	\$ 39,874	(Sch 3)
005	.20-.39	Fringe Benefits	6200	13,922	(11)	13,911	(Sch 3)
005	.79	Agency Staff	6200		0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	244,119	0	244,119	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	\$ 297,915	\$ (11)	\$ 297,904	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	\$	\$ 0	\$ 0	(Sch 3)
010	.20-.39	Fringe Benefits	6300		0	0	(Sch 3)
010	.79	Agency Staff	6300	240,769	0	240,769	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	20,114	0	20,114	(Sch 4)
010		Housekeeping - Total	6300	\$ 260,883	\$ 0	\$ 260,883	
015		Depreciation: Buildings and Improvements	7110 - 7120	\$ 2,505	\$ 0	\$ 2,505	(Sch 5)
020		Depreciation: Leasehold Improvements	7130	111,594	0	111,594	(Sch 5)
025		Depreciation: Equipment	7140	15,366	0	15,366	(Sch 5)
030		Depreciation and Amortization - Other	7150 - 7160		0	0	(Sch 5)
035		Leases and Rentals	7200	1,622,232	0	1,622,232	(Sch 5)
040		Property Taxes	7300	59,109	0	59,109	(Sch 5)
045		Property Insurance	7400	19,207	0	19,207	(Sch 5)
050		Interest - Property, Plant, and Equipment	7500		0	0	(Sch 5)
055		Interest - Other	7600		0	0	(Sch 6)
057		Subtotal 005 - 055		\$ 2,388,811	\$ (11)	\$ 2,388,800	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	\$	\$ 0	\$ 0	(Sch 3)
060	.20-.39	Fringe Benefits	6400		0	0	(Sch 3)
060	.79	Agency Staff	6400	157,561	0	157,561	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	17,814	0	17,814	(Sch 4)
060		Laundry and Linen - Total	6400	\$ 175,375	\$ 0	\$ 175,375	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	\$ 362,899	\$ 0	\$ 362,899	(Sch 3)
065	.20-.39	Fringe Benefits	6500	213,132	(102)	213,030	(Sch 3)
065	.79	Agency Staff	6500		0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	332,967	0	332,967	(Sch 4)
065		Dietary - Total	6500	\$ 908,998	\$ (102)	\$ 908,896	
070		Provision for Bad Debts	7700	\$	\$ 0	\$ 0	
		Ancillary Services					
075		Patient Supplies					
075	.01-.19	Salaries and Wages	8100	\$	\$ 0	\$ 0	(Sch 2)
075	.20-.39	Fringe Benefits	8100		0	0	(Sch 2)
075	.79	Agency Staff	8100		0	0	(Sch 2)
075	.40-.99	Other - Nonlabor	8100	19,714	0	19,714	(Sch 4)
075		Patient Supplies - Total	8100	\$ 19,714	\$ 0	\$ 19,714	
077		Specialized Support Surfaces					
077	.01-.19	Salaries and Wages	8150	\$	\$ 0	\$ 0	N/A
077	.20-.39	Fringe Benefits	8150		0	0	N/A
077	.79	Agency Staff	8150		0	0	N/A
077	.40-.99	Other - Nonlabor	8150	1,428	0	1,428	(Sch 4)
077		Specialized Support Surfaces - Total	8150	\$ 1,428	\$ 0	\$ 1,428	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility Number:
206440809

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED
080		Physical Therapy				
080	.01-.19	Salaries and Wages	8200	\$	\$ 0	\$ 0 (Sch 2)
080	.20-.39	Fringe Benefits	8200		0	0 (Sch 2)
080	.79	Agency Staff	8200		0	0 (Sch 2)
080	.40-.99	Other - Nonlabor	8200	547,908	0	547,908 (Sch 4)
080		Physical Therapy - Total	8200	\$ 547,908	\$ 0	\$ 547,908
081		Respiratory Therapy				
081	.01-.19	Salaries and Wages	8220	\$	\$ 0	\$ 0 (Sch 2)
081	.20-.39	Fringe Benefits	8220		0	0 (Sch 2)
081	.79	Agency Staff	8220		0	0 (Sch 2)
081	.40-.99	Other - Nonlabor	8220		0	0 (Sch 4)
081		Respiratory Therapy - Total	8220	\$ 0	\$ 0	\$ 0
082		Occupational Therapy				
082	.01-.19	Salaries and Wages	8250	\$	\$ 0	\$ 0 (Sch 2)
082	.20-.39	Fringe Benefits	8250		0	0 (Sch 2)
082	.79	Agency Staff	8250		0	0 (Sch 2)
082	.40-.99	Other - Nonlabor	8250	515,635	0	515,635 (Sch 4)
082		Occupational Therapy - Total	8250	\$ 515,635	\$ 0	\$ 515,635
083		Speech Pathology				
083	.01-.19	Salaries and Wages	8280	\$	\$ 0	\$ 0 (Sch 2)
083	.20-.39	Fringe Benefits	8280		0	0 (Sch 2)
083	.79	Agency Staff	8280		0	0 (Sch 2)
083	.40-.99	Other - Nonlabor	8280	104,103	0	104,103 (Sch 4)
083		Speech Pathology - Total	8280	\$ 104,103	\$ 0	\$ 104,103
085		Pharmacy				
085	.01-.19	Salaries and Wages	8300	\$	\$ 0	\$ 0 (Sch 2)
085	.20-.39	Fringe Benefits	8300		0	0 (Sch 2)
085	.79	Agency Staff	8300		0	0 (Sch 2)
085	.40-.99	Other - Nonlabor	8300	407,144	902	408,046 (Sch 4)
085		Pharmacy - Total	8300	\$ 407,144	\$ 902	\$ 408,046
090		Laboratory				
090	.01-.19	Salaries and Wages	8400	\$	\$ 0	\$ 0 (Sch 2)
090	.20-.39	Fringe Benefits	8400		0	0 (Sch 2)
090	.79	Agency Staff	8400		0	0 (Sch 2)
090	.40-.99	Other - Nonlabor	8400	59,626	0	59,626 (Sch 4)
090		Laboratory - Total	8400	\$ 59,626	\$ 0	\$ 59,626
095		Home Health Services				
095	.01-.19	Salaries and Wages	8800	\$	\$ 0	\$ 0 (Sch 2)
095	.20-.39	Fringe Benefits	8800		0	0 (Sch 2)
095	.79	Agency Staff	8800		0	0 (Sch 2)
095	.40-.99	Other - Nonlabor	8800		0	0 (Sch 4)
095		Home Health Services - Total	8800	\$ 0	\$ 0	\$ 0
100		Other Ancillary Services				
100	.01-.19	Salaries and Wages	8900	\$	\$ 0	\$ 0 (Sch 2)
100	.20-.39	Fringe Benefits	8900		0	0 (Sch 2)
100	.79	Agency Staff	8900		0	0 (Sch 2)
100	.40-.99	Other - Nonlabor	8900	89,291	0	89,291 (Sch 4)
100		Other Ancillary Services - Total	8900	\$ 89,291	\$ 0	\$ 89,291

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility Number:
206440809

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
101							
					0		(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 4)
					0		(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 4)
105							
					(23,129)		(Sch 2)
					(11,506)	1,696,641	(Sch 2)
					0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110		(902)	140,333	(Sch 4)
105		Skilled Nursing Care - Total	6110				
					0		
					0	0	
					0	0	
110	.40-.99	Other - Nonlabor	6120		0	0	
110		Intermediate Care - Total					(Sch 2)
					0		
					0	0	
					0	0	
115	.40-.99	Other - Nonlabor	6130		0	0	
115		Mentally Disordered Care - Total					(Sch 2)
					0		
					0	0	
					0	0	
120	.40-.99	Other - Nonlabor	6140		0	0	
120		Developmentally Disabled Care - Total					(Sch 2)
					0		(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 2)
125	.40-.99	Other - Nonlabor	6150		0	0	(Sch 4)
125							
					0		(Sch 2)
					0	0	(Sch 2)
					0	0	(Sch 2)
126	.40-.99	Other - Nonlabor	6160		0	0	(Sch 4)
126							

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility Number:
206440809

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED
128		Transitional Inpatient Care				
128	.01-.19	Salaries and Wages	6170	\$	\$ 0	\$ 0
128	.20-.39	Fringe Benefits	6170		0	0
128	.49	Agency Staff	6170		0	0
128	.40-.99	Other - Nonlabor	6170		0	0
128		Transitional Inpatient Care - Total	6170	\$ 0	\$ 0	\$ 0
130		Hospice Inpatient Care				
130	.01-.19	Salaries and Wages	6180	\$	\$ 0	\$ 0
130	.20-.39	Fringe Benefits	6180		0	0
130	.49	Agency Staff	6180		0	0
130	.40-.99	Other - Nonlabor	6180		0	0
130		Hospice Inpatient Care - Total	6180	\$ 0	\$ 0	\$ 0
135		Other Routine Services				
135	.01-.19	Salaries and Wages	6190	\$	\$ 0	\$ 0
135	.20-.39	Fringe Benefits	6190		0	0
135	.49	Agency Staff	6190		0	0
135	.40-.99	Other - Nonlabor	6190		0	0
135		Other Routine Services - Total	6190	\$ 0	\$ 0	\$ 0
		Other Nonreimbursable				
139		Residential Care				
139	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0
139	.20-.39	Fringe Benefits	9100		0	0
139	.49	Agency Staff	9100		0	0
139	.40-.99	Other - Nonlabor	9100		0	0
139		Residential Care - Total	9100	\$ 0	\$ 0	\$ 0
140		Beauty and Barber				
140	.01-.19	Salaries and Wages	8900	\$	\$ 0	\$ 0
140	.20-.39	Fringe Benefits	8900		0	0
140	.49	Agency Staff	8900		0	0
140	.40-.99	Other - Nonlabor	8900	11,495	0	11,495
140		Beauty and Barber - Total	8900	\$ 11,495	\$ 0	\$ 11,495
145		Other Nonreimbursable				
145	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0
145	.20-.39	Fringe Benefits	9100		0	0
145	.49	Agency Staff	9100		0	0
145	.40-.99	Other - Nonlabor	9100		0	0
145		Other Nonreimbursable - Total	9100	\$ 0	\$ 0	\$ 0
146		Subtotal 105 - 145		\$ 5,642,231	\$ (35,537)	\$ 5,606,694
155		Social Services				
155	.01-.19	Salaries and Wages	6600	\$ 70,697	\$ 0	\$ 70,697
155	.20-.39	Fringe Benefits	6600	30,146	(20)	30,126
155	.49	Agency Staff	6600		0	0
155	.40-.99	Other - Nonlabor	6600		0	0
155		Social Services - Total	6600	\$ 100,843	\$ (20)	\$ 100,823

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:
1750396248

OSHPD Facility Number:
206440809

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
160		Activities					
160	.01-19	Salaries and Wages	6700	\$ 86,049	\$ 0	\$ 86,049	(Sch 2)
160	.20-39	Fringe Benefits	6700	35,531	(24)	35,507	(Sch 2)
160	.49	Agency Staff	6700		0	0	(Sch 2)
160	.40-99	Other - Nonlabor	6700	9,627	0	9,627	(Sch 4)
160		Activities - Total	6700	\$ 131,207	\$ (24)	\$ 131,183	
165		Administration					
165	.01-19	Salaries and Wages	6900	\$ 408,208	\$ 23,129	\$ 431,337	(Sch 6)
165	.20-39	Fringe Benefits	6900	158,003	11,681	169,684	(Sch 6)
165	.49	Agency Staff	6900		0	0	(Sch 6)
165	.40-99	Other - Nonlabor	6900	975,481	2,778	978,259	(Sch 6)
165		Administration - Total	6900	\$ 1,541,692	\$ 37,588	\$ 1,579,280	
166		Medical Records					
166	.01-19	Salaries and Wages	6900	\$ 65,752	\$ 0	\$ 65,752	(Sch 3)
166	.20-39	Fringe Benefits	6900	43,454	0	43,454	(Sch 3)
166	.49	Agency Staff	6900		0	0	(Sch 3)
166	.40-99	Other - Nonlabor	6900	4,103	(294)	3,809	(Sch 4)
166		Medical Records - Total	6900	\$ 113,309	\$ (294)	\$ 113,015	
167		CDPH Licensing Fees	6900	\$ 34,908	\$ 0	\$ 34,908	(Sch 6)
168		Professional Liability Insurance	6900	\$ 89,868	\$ 0	\$ 89,868	(Sch 6)
169		Quality Assurance Fees	6900	\$ 668,276	\$ 0	\$ 668,276	(Sch 6)
170		Inservice Education - Nursing					
170	.01-19	Salaries and Wages	6800	\$ 65,725	\$ 0	\$ 65,725	(Sch 3)
170	.20-39	Fringe Benefits	6800	28,068	(18)	28,050	(Sch 3)
170	.49	Agency Staff	6800		0	0	(Sch 3)
170	.40-99	Other - Nonlabor	6800	283	0	283	(Sch 4)
170		Inservice Education - Nursing - Total	6800	\$ 94,076	\$ (18)	\$ 94,058	
174		Caregiver Training					
174	.01-19	Salaries and Wages	6900	\$ 0	\$ 0	\$ 0	(Sch 6)
174	.20-39	Fringe Benefits	6900		0	0	(Sch 6)
174	.49	Agency Staff	6900		0	0	(Sch 6)
174	.40-99	Other - Nonlabor	6900		0	0	(Sch 6)
174		Caregiver Training - Total	6900	\$ 0	\$ 0	\$ 0	
		Subtotal 155 - 174		\$ 2,774,179	\$ 37,232	\$ 2,811,411	
200		Total		\$ 13,634,443	\$ 2,484	\$ 13,636,927	

210	0.24	Total Facility Group Health Insurance * (Adj 1)	6900			\$ 852,180	
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* For informational purposes only, this amount is included in various cost centers above.

Provider Name							Fiscal Period	Provider NPI		Adjustments
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012	1750396248		11
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<u>MEMORANDUM ADJUSTMENT</u>										
1	N/A			8	210	N/A	Total Facility Group Health Insurance To include Group Health Insurance in the audit for informational purposes only. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$0	\$852,180	\$852,180

Provider Name							Fiscal Period	Provider NPI		Adjustments	
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012	1750396248		11	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
RECLASSIFICATIONS OF REPORTED COSTS											
2	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor	\$141,235	(\$902)	\$140,333	
	10.5	085	4	8A-1	085	4	Pharmacy - Other - Nonlabor	407,144	902	408,046	
							To reverse the provider's cost report reclassification of nonlegend drugs for proper matching of revenue and expense and due to insufficient documentation. 42 CFR 413.5, 413.20, 413.24, 413.50 and 413.53 CMS Pub. 15-1, Sections 2202.4, 2206, 2300, 2302.6 and 2304 OSHPD LTC Manual, Chapter 1000, Section 1021				
3	10.5	105	1	8A-1	105	1	Skilled Nursing Care - Salaries and Wages	\$3,781,354	(\$23,129)	\$3,758,225	
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	1,708,147	(10,448)	1,697,699 *	
	10.5	165	1	8A-1	165	1	Administration - Salaries and Wages	408,208	23,129	431,337	
	10.5	165	2	8A-1	165	2	Administration - Fringe Benefits	158,003	10,448	168,451 *	
							To reclassify case manager salary and benefits expense to the appropriate cost centers for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 52000				
4	10.5	005	2	8A-1	005	2	Plant Operations and Maintenance - Fringe Benefits	\$13,922	(\$11)	\$13,911	
	10.5	065	2	8A-1	065	2	Dietary - Fringe Benefits	213,132	(102)	213,030	
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	* 1,697,699	(1,058)	1,696,641	
	10.5	155	2	8A-1	155	2	Social Services - Fringe Benefits	30,146	(20)	30,126	
	10.5	160	2	8A-1	160	2	Activities - Fringe Benefits	35,531	(24)	35,507	
	10.5	170	2	8A-1	170	2	Inservice Education - Nursing - Fringe Benefits	28,068	(18)	28,050	
	10.5	165	2	8A-1	165	2	Administration - Fringe Benefits	* 168,451	1,233	169,684	
							To reclassify the provider's adjustments prior to the cost report for expenses that are administrative in nature and to agree with the trial balance. 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			
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012		1750396248		11			
Report References														
Cost Report			Audit Report				Explanation of Audit Adjustments					As Reported	Increase (Decrease)	As Adjusted
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No								
RECLASSIFICATIONS OF REPORTED COSTS														
5	10.5	166	4	8A-1	166	4	Medical Records - Other - Nonlabor		\$4,103		(\$294)	\$3,809		
	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor		975,481		294	975,775 *		
To reclassify the provider's offset of medical records sales to the appropriate cost center for proper cost determination. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328														

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012		1750396248		11
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
ADJUSTMENT TO REPORTED COSTS											
6	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	*	\$975,775	\$2,484	\$978,259
							To adjust home office costs to agree with the as filed Kindred Health Care, Inc. Home Office Cost Reports for fiscal periods ended 12/31/2011 and 12/31/2012. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.2, 2300 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments			
KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012		1750396248		11			
Report References														
Cost Report			Audit Report				Explanation of Audit Adjustments					As Reported	Increase (Decrease)	As Adjusted
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No								
ADJUSTMENT TO REPORTED STATISTICS														
7	10.7	010	2	7	010	N/A	Housekeeping (Square Feet)	0	373	373				
	10.7	065	1,2,3	7	065	N/A	Dietary	2,589	(765)	1,824				
	10.7	075	1,2,3	7	075	N/A	Patient Supplies	59	126	185				
	10.7	080	1,2,3	7	080	N/A	Physical Therapy	530	31	561				
	10.7	082	1,2,3	7	082	N/A	Occupational Therapy	497	(30)	467				
	10.7	083	1,2,3	7	083	N/A	Speech Pathology	75	(2)	73				
	10.7	100	1,2,3	7	100	N/A	Other Ancillary Services	0	38	38				
	10.7	105	1,2,3	7	105	N/A	Skilled Nursing Care	16,613	(219)	16,394				
	10.7	145	1,2,3	7	145	N/A	Other Nonreimbursable	0	20	20				
	10.7	165	1,2,3	7	165	N/A	Administration	1,233	37	1,270				
	10.7	175	1	7	N/A	N/A	Total Statistic - Capital	24,991	(764)	24,227				
	10.7	175	2	7	N/A	N/A	Total Statistic - Plant Operations	24,039	(391)	23,648				
	10.7	175	3	7	N/A	N/A	Total Statistic - Housekeeping	24,039	(764)	23,275				
<p>To adjust reported square footage to agree with provider's records for proper allocation of indirect costs. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2300, 2304 and 2306</p>														

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KINDRED NURSING AND TRANSITIONAL CARE - SANTA CRUZ							JULY 1, 2011 THROUGH JUNE 30, 2012		1750396248		11			
Report References														
Cost Report			Audit Report				Explanation of Audit Adjustments					As Reported	Increase (Decrease)	As Adjusted
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No								
ADJUSTMENTS TO REPORTED PATIENT DAYS														
8	11(2)	105	1	1	12	N/A	Total Patient Days To adjust total patient days to agree with the provider's census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304			46,971	9	46,980		
9	4.1	5	2	1	15	N/A	Medi-Cal Patient Days To adjust reported Medi-Cal Nursing Facility days to agree with the following Fiscal Intermediary Payment Data: Report Date: 09/20/2013 Service Period: 07/01/2011 through 06/30/2012 Payment Period: 07/01/2011 through 09/04/2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64 and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404 and 2408 CCR, Title 22, Section 51541			31,504	(30,336)	1,168		
10	N/A			1	16	N/A	Medi-Cal Managed Care Days To include Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304			0	29,934	29,934		

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Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<u>ADJUSTMENT TO OTHER MATTERS</u>										
11	N/A			1	14	N/A	Medi-Cal Overpayments To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed and due to lack of documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786, 51458.1 and 51476	\$0	\$430	\$430