

**REPORT  
ON THE  
RATE SETTING AUDIT**

**WATERMAN CONVALESCENT HOSPITAL  
SAN BERNARDINO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1265433957**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2012**

**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: Emmanuel K. Ngati**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 16, 2014

Administrator  
Waterman Convalescent Hospital  
1850 N. Waterman Avenue  
San Bernardino, CA 92404

WATERMAN CONVALESCENT HOSPITAL  
NATIONAL PROVIDER IDENTIFIER (NPI) 1265433957  
FISCAL PERIOD ENDED DECEMBER 31, 2012

We have examined the facility's Integrated Disclosure and Medi Cal Cost Report for the above referenced fiscal period. 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 and patient days 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 \$17,619, which resulted from Medi-Cal overpayments

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

Administrator  
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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

cc: Terry E. Steege  
Finance Director  
Plott Management Corporation  
800 East Fifth Street  
Ontario, CA 91764

## SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

## Provider Name:

WATERMAN CONVALESCENT HOSPITAL

## Fiscal Period:

JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

## NPI:

1265433957

## OSHPD Facility No.:

206361378

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SKILLED NURSING CARE</b>				
1	Cost of Direct Care - Labor (Sch. 2, Ln. 105)	\$ N/A	\$ 3,606,830	\$ 74.88
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 984,911	\$ 20.45
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 1,380,734	\$ 28.67
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 25,396	\$ 0.53
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 25,746	\$ 0.53
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 40,901	\$ 0.85
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 201,411	\$ 4.18
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 619,934	\$ 12.87
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 1,368,608	\$ 28.41
11	Cost of Routine Service/Audited Total Costs	\$ 8,240,408	\$ 8,254,471	\$ 171.37
12	Total Patient Days (Adj 6)	48,160	48,167	
13	Cost Per Patient Day (Cost Divided by Days)	\$ 171.10	\$ 171.37	
14	Overpayments (Adj 9,10)	\$ 0	\$ (17,619)	
15	Medi-Cal Days (Adj 7)	33,963	33,961	
16	Medi-Cal Managed Care Days (Adj 8)		653	
<b>INTERMEDIATE CARE</b>				
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	
<b>MENTALLY DISORDERED CARE</b>				
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	
<b>DEVELOPMENTALLY DISABLED CARE</b>				
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	
<b>SUBACUTE CARE</b>				
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:

WATERMAN CONVALESCENT HOSPITAL

## Fiscal Period:

JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

## NPI:

1265433957

## OSHPD Facility No.:

206361378

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SUBACUTE CARE - PEDIATRIC</b>				
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	
<b>TRANSITIONAL INPATIENT CARE</b>				
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	
<b>HOSPICE INPATIENT CARE</b>				
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	
<b>OTHER ROUTINE SERVICES</b>				
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:**  
WATERMAN CONVALESCENT HOSPITAL

**Fiscal Period:**  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

**NPI:**  
1265433957

**OSHPD Facility No.:**  
206361378

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Srvs	Activities	Total
			155	160	
	<b>GENERAL SERVICES</b>				
005	Plant Operations and Maintenance				
010	Housekeeping				
060	Laundry and Linen				
065	Dietary				
155	Social Services	\$ 58,229	\$ 58,229		
160	Activities	120,106		\$ 120,106	
165	Administration				
166	Medical Records				
170	Inservice Education - Nursing				
	<b>ANCILLARY SERVICES</b>				
075	Patient Supplies	0	0	0	0
077	Specialized Support Surfaces	N/A	0	0	0
080	Physical Therapy	248,296	0	0	248,296
081	Respiratory Therapy	0	0	0	0
082	Occupational Therapy	187,338	0	0	187,338
083	Speech Pathology	53,461	0	0	53,461
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
	<b>ROUTINE SERVICES</b>				
105	Skilled Nursing Care	3,428,495	58,229	120,106	3,606,830 *
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 *
	<b>NONREIMBURSABLE</b>				
139	Residential Care	0	0	0	0
140	Beauty and Barber	37,999	0	0	37,999
145	Other Nonreimbursable	0	0	0	0
	<b>TOTAL</b>	<b>\$ 4,133,924</b>	<b>\$ 58,229</b>	<b>\$ 120,106</b>	<b>\$ 4,133,924</b>

\* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
INDIRECT CARE LABOR

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 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	
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 133,748	\$ 133,748										
010	Housekeeping	195,249	293	\$ 195,542									
060	Laundry and Linen	151,078	4,202	6,156	\$ 161,436								
065	Dietary	386,019	16,967	24,860	0	\$ 427,846							
155	Social Services	N/A	436	639	0	0	\$ 1,075						
160	Activities	N/A	3,352	4,911	0	0	0	\$ 8,263					
165	Administration	N/A	1,808	2,649	0	0	0	0		\$ 4,457	\$ 4,457		
166	Medical Records	97,689	2,405	3,524	0	0	0	0		103,618		\$ 103,618	
170	Inservice Education - Nursing	58,174	2,663	3,902	0	0	0	0	\$ 64,740				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies		408	597	0	0	0	0	0	1,005	6	141	\$ 1,152
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	0	5	6
080	Physical Therapy		3,088	4,525	0	0	0	0	0	7,613	179	4,152	11,943
081	Respiratory Therapy		465	681	0	0	0	0	0	1,146	2	56	1,205
082	Occupational Therapy		0	0	0	0	0	0	0	0	122	2,832	2,954
083	Speech Pathology		0	0	0	0	0	0	0	0	35	808	843
085	Pharmacy		0	0	0	0	0	0	0	0	187	4,336	4,523
090	Laboratory		0	0	0	0	0	0	0	0	20	459	479
095	Home Health Services		0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services		0	0	0	0	0	0	0	0	12	275	287
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
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care		92,628	135,721	161,436	427,846	1,075	8,263	64,740	891,709	3,844	89,358	984,911 *
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 *
<b>NONREIMBURSABLE</b>													
139	Residential Care		0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber		568	833	0	0	0	0	0	1,401	28	656	2,085
145	Other Nonreimbursable		4,466	6,543	0	0	0	0	0	11,009	23	539	11,570
	<b>TOTAL</b>	\$ 1,021,957	\$ 133,748	\$ 195,542	\$ 161,436	\$ 427,846	\$ 1,075	\$ 8,263	\$ 64,740	\$ 913,882	\$ 4,457	\$ 103,618	\$ 1,021,957

(To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
OTHER - NONLABOR

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Srvs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 615,507	\$ 615,507										
010	Housekeeping	65,085	1,347	\$ 66,432									
060	Laundry and Linen	64,142	19,335	2,091	\$ 85,569								
065	Dietary	463,095	78,081	8,446	0	\$ 549,622							
155	Social Services	520	2,007	217	0	0	\$ 2,745						
160	Activities	8,123	15,426	1,669	0	0	0	\$ 25,218					
165	Administration	N/A	8,321	900	0	0	0	0		\$ 9,221	\$ 9,221		
166	Medical Records	0	11,068	1,197	0	0	0	0		12,265		\$ 12,265	
170	Inservice Education - Nursing	0	12,256	1,326	0	0	0	0	\$ 13,582				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies	6,097	1,875	203	0	0	0	0	0	8,175	13	17	\$ 8,205
077	Specialized Support Surfaces	352	0	0	0	0	0	0	0	352	0	1	353
080	Physical Therapy	1,703	14,211	1,537	0	0	0	0	0	17,451	369	491	18,312
081	Respiratory Therapy	0	2,140	231	0	0	0	0	0	2,371	5	7	2,383
082	Occupational Therapy	0	0	0	0	0	0	0	0	0	252	335	587
083	Speech Pathology	0	0	0	0	0	0	0	0	0	72	96	168
085	Pharmacy	286,806	0	0	0	0	0	0	0	286,806	386	513	287,705
090	Laboratory	30,383	0	0	0	0	0	0	0	30,383	41	54	30,478
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services	18,183	0	0	0	0	0	0	0	18,183	24	33	18,240
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
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care	213,087	426,275	46,109	85,569	549,622	2,745	25,218	13,582	1,362,205	7,952	10,577	1,380,734 *
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 *
<b>NONREIMBURSABLE</b>													
139	Residential Care	0	0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber	831	2,615	283	0	0	0	0	0	3,729	58	78	3,865
145	Other Nonreimbursable	0	20,550	2,223	0	0	0	0	0	22,773	48	64	22,885
	<b>TOTAL</b>	<b>\$ 1,773,914</b>	<b>\$ 615,507</b>	<b>\$ 66,432</b>	<b>\$ 85,569</b>	<b>\$ 549,622</b>	<b>\$ 2,745</b>	<b>\$ 25,218</b>	<b>\$ 13,582</b>	<b>\$ 1,752,429</b>	<b>\$ 9,221</b>	<b>\$ 12,265</b>	<b>\$ 1,773,914</b>

\* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Capital	Plant Ops	Hskpng	Laundry	Dietary	Soc Srvs	Activities
				Various	5	10	60	65	155	160
<b>GENERAL SERVICES</b>										
	Capital Related (excluding lines 40 & 45)	\$ 27,359	50%							
	Property Tax (line 40)	27,736	50%	\$ 55,095						
005	Plant Operations and Maintenance			0	\$ 0					
010	Housekeeping			121	0	\$ 121				
060	Laundry and Linen			1,731	0	4	\$ 1,735			
065	Dietary			6,989	0	15	0	\$ 7,004		
155	Social Services			180	0	0	0	0	\$ 180	
160	Activities			1,381	0	3	0	0	0	\$ 1,384
165	Administration			745	0	2	0	0	0	0
166	Medical Records			991	0	2	0	0	0	0
170	Inservice Education - Nursing			1,097	0	2	0	0	0	0
<b>ANCILLARY SERVICES</b>										
075	Patient Supplies			168	0	0	0	0	0	0
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			1,272	0	3	0	0	0	0
081	Respiratory Therapy			192	0	0	0	0	0	0
082	Occupational Therapy			0	0	0	0	0	0	0
083	Speech Pathology			0	0	0	0	0	0	0
085	Pharmacy			0	0	0	0	0	0	0
090	Laboratory			0	0	0	0	0	0	0
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	0	0	0	0	0
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
<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care			38,157	0	84	1,735	7,004	180	1,384
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
<b>NONREIMBURSABLE</b>										
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			234	0	1	0	0	0	0
145	Other Nonreimbursable			1,839	0	4	0	0	0	0
	<b>TOTAL</b>	<b>\$ 55,095</b>	<b>100%</b>	<b>\$ 55,095</b>	<b>\$ 0</b>	<b>\$ 121</b>	<b>\$ 1,735</b>	<b>\$ 7,004</b>	<b>\$ 180</b>	<b>\$ 1,384</b>

\* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

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 50% Of Total	Property Tax 50% Of Total
<b>GENERAL SERVICES</b>										
	Capital Related (excluding lines 40 & 45)	\$ 27,359	50%							
	Property Tax (line 40)	27,736	50%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ 746	\$ 746				
166	Medical Records				993		\$ 993			
170	Inservice Education - Nursing			\$ 1,099						
<b>ANCILLARY SERVICES</b>										
075	Patient Supplies			0	168	1	1	\$ 171	\$ 85	\$ 86
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			0	1,275	30	40	1,345	668	677
081	Respiratory Therapy			0	192	0	1	193	96	97
082	Occupational Therapy			0	0	20	27	48	24	24
083	Speech Pathology			0	0	6	8	14	7	7
085	Pharmacy			0	0	31	42	73	36	37
090	Laboratory			0	0	3	4	8	4	4
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	2	3	5	2	2
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
<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care			1,099	49,643	644	856	51,143	25,396	25,746 *
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 *
<b>NONREIMBURSABLE</b>										
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			0	235	5	6	246	122	124
145	Other Nonreimbursable			0	1,844	4	5	1,853	920	933
	<b>TOTAL</b>	\$ 55,095	100%	\$ 1,099	\$ 53,356	\$ 746	\$ 993	\$ 55,095	\$ 27,359	\$ 27,736

\* (To Schedule 1)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 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. 61% of Total	DPH Licensing Fees 2% of Total	Professional Liability Ins. 9% of Total	Quality Assur. Fees 28% of Total	Caregiver Training 0% of Total
<b>GENERAL SERVICES</b>														
045	Property Insurance	\$ 59,739												
055	Interest - Other	0												
165	Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor)	1,527,277												
	Total Costs Allocable as Administration	1,587,016	61%											
167	CDPH Licensing Fees	47,428	2%											
168	Professional Liability Insurance	233,553	9%											
169	Quality Assurance Fees	718,866	28%											
174	Caregiver Training	0	0%											
	Total	2,586,863	100%						\$ 2,586,863					
<b>ANCILLARY SERVICES</b>														
075	Patient Supplies			\$ 0	\$ 1,005	\$ 8,175	\$ 168	\$ 9,348	3,528	\$ 2,165	\$ 65	\$ 319	\$ 981	\$ 0
077	Specialized Support Surfaces			0	0	352	0	352	133	82	2	12	37	0
080	Physical Therapy			248,296	7,613	17,451	1,275	274,634	103,660	63,594	1,901	9,359	28,806	0
081	Respiratory Therapy			0	1,146	2,371	192	3,709	1,400	859	26	126	389	0
082	Occupational Therapy			187,338	0	0	0	187,338	70,710	43,380	1,296	6,384	19,650	0
083	Speech Pathology			53,461	0	0	0	53,461	20,179	12,379	370	1,822	5,607	0
085	Pharmacy			0	0	286,806	0	286,806	108,254	66,413	1,985	9,774	30,083	0
090	Laboratory			0	0	30,383	0	30,383	11,468	7,035	210	1,035	3,187	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	18,183	0	18,183	6,863	4,210	126	620	1,907	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
<b>ROUTINE SERVICES</b>														
105	Skilled Nursing Care			3,606,830	891,709	1,362,205	49,643	5,910,387	2,230,854	1,368,608	40,901	201,411	619,934	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
<b>NONREIMBURSABLE</b>														
139	Residential Care			0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber			37,999	1,401	3,729	235	43,363	16,367	10,041	300	1,478	4,548	0
145	Other Nonreimbursable			0	11,009	22,773	1,844	35,625	13,447	8,249	247	1,214	3,737	0
	<b>SUBTOTAL</b>	\$ 2,586,863		\$ 4,133,924	\$ 913,882	\$ 1,752,429	\$ 53,356	\$ 6,853,590	\$ 2,586,863					
	Total Administrative Costs							\$ 2,586,863		\$ 1,587,016	\$ 47,428	\$ 233,553	\$ 718,866	\$ 0
	Unit Cost Multiplier							0.37744639						
	Accumulated Administration Costs (Sch 2 thru 5)				\$ 108,075	\$ 21,485	\$ 1,739	\$ 131,300						
	<b>TOTAL FACILITY COSTS</b>							\$ 9,571,753						

\* (To Schedule 1)

## STATISTICS FOR COST ALLOCATION

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS (Adj 3)	Plant Ops (SQ FT) 5 (Adj 3)	Hskpng (SQ FT) 10 (Adj 3)	Laundry (LBS) 60 (Adj 4)	Dietary (MEALS) 65 (Adj 5)	Soc Srvs (DIRECT EXP) 155	Activities (DIRECT EXP) 160	Inserv. Ed (DIRECT EXP) 170	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL ACCUM COST)
	<b>GENERAL SERVICES</b>										
005	Plant Operations and Maintenance										
010	Housekeeping	51	51								
060	Laundry and Linen	732	732	732							
065	Dietary	2,956	2,956	2,956							
155	Social Services	76	76	76							
160	Activities	584	584	584							
165	Administration	315	315	315							
166	Medical Records	419	419	419							
170	Inservice Education - Nursing	464	464	464							
	<b>ANCILLARY SERVICES</b>										
075	Patient Supplies	71	71	71						9,348	9,348
077	Specialized Support Surfaces									352	352
080	Physical Therapy	538	538	538						274,634	274,634
081	Respiratory Therapy	81	81	81						3,709	3,709
082	Occupational Therapy									187,338	187,338
083	Speech Pathology									53,461	53,461
085	Pharmacy									286,806	286,806
090	Laboratory									30,383	30,383
095	Home Health Services									0	0
100	Other Ancillary Services									18,183	18,183
101	Subacute Care Ancillary Services									0	0
102	Subacute Care - Pediatric Ancillary Services									0	0
	<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care	16,138	16,138	16,138	96,320	142,797	3,641,582	3,641,582	3,641,582	5,910,387	5,910,387
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
	<b>NONREIMBURSABLE</b>										
139	Residential Care									0	0
140	Beauty and Barber	99	99	99						43,363	43,363
145	Other Nonreimbursable	778	778	778						35,625	35,625
	<b>TOTAL STATISTICS</b>	23,302	23,302	23,251	96,320	142,797	3,641,582	3,641,582	3,641,582	6,853,590	6,853,590
	TOTAL DIRECT SALARIES COSTS - SCH. 2 UNIT COST MULTIPLIER (DIRECT SALARIES)						\$ 58,229 0.015990029	\$ 120,106 0.032981819			
	TOTAL INDIRECT SALARIES COSTS - SCH. 3 UNIT COST MULTIPLIER (INDIRECT SALARIES)		\$ 133,748 5.73976483	\$ 195,542 8.41003518	\$ 161,436 1.67603461	\$ 427,846 2.99618205	\$ 1,075 0.00029531	\$ 8,263 0.00226920	\$ 64,740 0.01777785	\$ 4,457 0.00065034	\$ 103,618 0.01511876
	TOTAL INDIRECT OTHER COSTS - SCH. 4 UNIT COST MULTIPLIER (INDIRECT OTHER)		\$ 615,507 26.41434212	\$ 66,432 2.85717309	\$ 85,569 0.88837987	\$ 549,622 3.84897161	\$ 2,745 0.00075369	\$ 25,218 0.00692489	\$ 13,582 0.00372969	\$ 9,221 0.00134536	\$ 12,265 0.00178954
	TOTAL CAPITAL COSTS - SCH. 5 UNIT COST MULTIPLIER (CAPITAL COSTS)	\$ 55,095 2.36438932	\$ - 0.00000000	\$ 121 0.00518618	\$ 1,735 0.01800799	\$ 7,004 0.04905191	\$ 180 0.00004945	\$ 1,384 0.00038001	\$ 1,099 0.00030193	\$ 746 0.00010891	\$ 993 0.00014487

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

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	\$ 95,366	\$ 0	\$ 95,366	(Sch 3)
005	.20-.39	Fringe Benefits	6200	38,382	0	38,382	(Sch 3)
005	.79	Agency Staff	6200		0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	615,507	0	615,507	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	\$ 749,255	\$ 0	\$ 749,255	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	\$ 149,396	\$ 0	\$ 149,396	(Sch 3)
010	.20-.39	Fringe Benefits	6300	45,853	0	45,853	(Sch 3)
010	.79	Agency Staff	6300		0	0	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	65,085	0	65,085	(Sch 4)
010		Housekeeping - Total	6300	\$ 260,334	\$ 0	\$ 260,334	
015		Depreciation: Buildings and Improvements	7110 - 7120	\$	\$ 0	\$ 0	(Sch 5)
020		Depreciation: Leasehold Improvements	7130		0	0	(Sch 5)
025		Depreciation: Equipment	7140	27,359	0	27,359	(Sch 5)
030		Depreciation and Amortization - Other	7150 - 7160		0	0	(Sch 5)
035		Leases and Rentals	7200		0	0	(Sch 5)
040		Property Taxes	7300	27,736	0	27,736	(Sch 5)
045		Property Insurance	7400	59,739	0	59,739	(Sch 6)
050		Interest - Property, Plant, and Equipment	7500		0	0	(Sch 5)
055		Interest - Other	7600		0	0	(Sch 6)
057		<b>Subtotal 005 - 055</b>		\$ 1,124,423	\$ 0	\$ 1,124,423	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	\$ 116,807	\$ 0	\$ 116,807	(Sch 3)
060	.20-.39	Fringe Benefits	6400	34,271	0	34,271	(Sch 3)
060	.79	Agency Staff	6400		0	0	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	64,142	0	64,142	(Sch 4)
060		Laundry and Linen - Total	6400	\$ 215,220	\$ 0	\$ 215,220	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	\$ 295,322	\$ 0	\$ 295,322	(Sch 3)
065	.20-.39	Fringe Benefits	6500	90,697	0	90,697	(Sch 3)
065	.79	Agency Staff	6500		0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	463,095	0	463,095	(Sch 4)
065		Dietary - Total	6500	\$ 849,114	\$ 0	\$ 849,114	
070		Provision for Bad Debts	7700	\$ 1	\$ (1)	\$ 0	
		<b>Ancillary Services</b>					
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	6,097	0	6,097	(Sch 4)
075		Patient Supplies - Total	8100	\$ 6,097	\$ 0	\$ 6,097	
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	352	0	352	(Sch 4)
077		Specialized Support Surfaces - Total	8150	\$ 352	\$ 0	\$ 352	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

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	\$ 193,742	\$ 0	\$ 193,742	(Sch 2)
080	.20-.39	Fringe Benefits	8200	54,554	0	54,554	(Sch 2)
080	.79	Agency Staff	8200		0	0	(Sch 2)
080	.40-.99	Other - Nonlabor	8200	1,703	0	1,703	(Sch 4)
080		Physical Therapy - Total	8200	\$ 249,999	\$ 0	\$ 249,999	
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	\$ 149,878	\$ 0	\$ 149,878	(Sch 2)
082	.20-.39	Fringe Benefits	8250	37,460	0	37,460	(Sch 2)
082	.79	Agency Staff	8250		0	0	(Sch 2)
082	.40-.99	Other - Nonlabor	8250		0	0	(Sch 4)
082		Occupational Therapy - Total	8250	\$ 187,338	\$ 0	\$ 187,338	
083		Speech Pathology					
083	.01-.19	Salaries and Wages	8280	\$ 46,430	\$ 0	\$ 46,430	(Sch 2)
083	.20-.39	Fringe Benefits	8280	7,031	0	7,031	(Sch 2)
083	.79	Agency Staff	8280		0	0	(Sch 2)
083	.40-.99	Other - Nonlabor	8280		0	0	(Sch 4)
083		Speech Pathology - Total	8280	\$ 53,461	\$ 0	\$ 53,461	
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	286,806	0	286,806	(Sch 4)
085		Pharmacy - Total	8300	\$ 286,806	\$ 0	\$ 286,806	
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	30,383	0	30,383	(Sch 4)
090		Laboratory - Total	8400	\$ 30,383	\$ 0	\$ 30,383	
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	18,183	0	18,183	(Sch 4)
100		Other Ancillary Services - Total	8900	\$ 18,183	\$ 0	\$ 18,183	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
101		Subacute Care Ancillary Services					
101	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
101	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
101	.79	Agency Staff	8100-8900		0	0	(Sch 2)
101	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
101		Subacute Care Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
102		Subacute Care - Pediatric Ancillary Services					
102	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
102	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
102	.79	Agency Staff	8100-8900		0	0	(Sch 2)
102	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
102		Subacute Care - Pediatric Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
104		Subtotal 075 - 102		\$ 832,619	\$ 0	\$ 832,619	
		Routine Services					
105		Skilled Nursing Care					
105	.01-.19	Salaries and Wages	6110	\$ 2,637,852	\$ 0	\$ 2,637,852	(Sch 2)
105	.20-.39	Fringe Benefits	6110	790,643	0	790,643	(Sch 2)
105	.49	Agency Staff	6110		0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110	213,087	0	213,087	(Sch 4)
105		Skilled Nursing Care - Total	6110	\$ 3,641,582	\$ 0	\$ 3,641,582	
110		Intermediate Care					
110	.01-.19	Salaries and Wages	6120	\$	\$ 0	\$ 0	
110	.20-.39	Fringe Benefits	6120		0	0	
110	.49	Agency Staff	6120		0	0	
110	.40-.99	Other - Nonlabor	6120		0	0	
110		Intermediate Care - Total	6120	\$ 0	\$ 0	\$ 0	(Sch 2)
115		Mentally Disordered Care					
115	.01-.19	Salaries and Wages	6130	\$	\$ 0	\$ 0	
115	.20-.39	Fringe Benefits	6130		0	0	
115	.49	Agency Staff	6130		0	0	
115	.40-.99	Other - Nonlabor	6130		0	0	
115		Mentally Disordered Care - Total	6130	\$ 0	\$ 0	\$ 0	(Sch 2)
120		Developmentally Disabled Care					
120	.01-.19	Salaries and Wages	6140	\$	\$ 0	\$ 0	
120	.20-.39	Fringe Benefits	6140		0	0	
120	.49	Agency Staff	6140		0	0	
120	.40-.99	Other - Nonlabor	6140		0	0	
120		Developmentally Disabled Care - Total	6140	\$ 0	\$ 0	\$ 0	(Sch 2)
125		Subacute Care					
125	.01-.19	Salaries and Wages	6150	\$	\$ 0	\$ 0	(Sch 2)
125	.20-.39	Fringe Benefits	6150		0	0	(Sch 2)
125	.49	Agency Staff	6150		0	0	(Sch 2)
125	.40-.99	Other - Nonlabor	6150		0	0	(Sch 4)
125		Subacute Care - Total	6150	\$ 0	\$ 0	\$ 0	
126		Subacute Care - Pediatric					
126	.01-.19	Salaries and Wages	6160	\$	\$ 0	\$ 0	(Sch 2)
126	.20-.39	Fringe Benefits	6160		0	0	(Sch 2)
126	.49	Agency Staff	6160		0	0	(Sch 2)
126	.40-.99	Other - Nonlabor	6160		0	0	(Sch 4)
126		Subacute Care - Pediatric - Total	6160	\$ 0	\$ 0	\$ 0	

## SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

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
		<b>Other Nonreimbursable</b>				
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	\$ 28,529	\$ 0	\$ 28,529
140	.20-.39	Fringe Benefits	8900	9,470	0	9,470
140	.49	Agency Staff	8900		0	0
140	.40-.99	Other - Nonlabor	8900	831	0	831
140		Beauty and Barber - Total	8900	\$ 38,830	\$ 0	\$ 38,830
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		<b>Subtotal 105 - 145</b>		\$ 3,680,412	\$ 0	\$ 3,680,412
155		Social Services				
155	.01-.19	Salaries and Wages	6600	\$ 43,852	\$ 0	\$ 43,852
155	.20-.39	Fringe Benefits	6600	14,377	0	14,377
155	.49	Agency Staff	6600		0	0
155	.40-.99	Other - Nonlabor	6600	520	0	520
155		Social Services - Total	6600	\$ 58,749	\$ 0	\$ 58,749

## SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
WATERMAN CONVALESCENT HOSPITAL

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1265433957

OSHPD Facility Number:  
206361378

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	\$ 90,236	\$ 0	\$ 90,236	(Sch 2)
160	.20-.39	Fringe Benefits	6700	29,870	0	29,870	(Sch 2)
160	.49	Agency Staff	6700		0	0	(Sch 2)
160	.40-.99	Other - Nonlabor	6700	8,123	0	8,123	(Sch 4)
160		Activities - Total	6700	\$ 128,229	\$ 0	\$ 128,229	
165		Administration					
165	.01-.19	Salaries and Wages	6900	\$ 375,285	\$ 0	\$ 375,285	(Sch 6)
165	.20-.39	Fringe Benefits	6900	92,839	0	92,839	(Sch 6)
165	.49	Agency Staff	6900		0	0	(Sch 6)
165	.40-.99	Other - Nonlabor	6900	1,059,153	0	1,059,153	(Sch 6)
165		Administration - Total	6900	\$ 1,527,277	\$ 0	\$ 1,527,277	
166		Medical Records					
166	.01-.19	Salaries and Wages	6900	\$ 65,998	\$ 0	\$ 65,998	(Sch 3)
166	.20-.39	Fringe Benefits	6900	31,691	0	31,691	(Sch 3)
166	.49	Agency Staff	6900		0	0	(Sch 3)
166	.40-.99	Other - Nonlabor	6900		0	0	(Sch 4)
166		Medical Records - Total	6900	\$ 97,689	\$ 0	\$ 97,689	
167		CDPH Licensing Fees	6900	\$ 47,428	\$ 0	\$ 47,428	(Sch 6)
168		Professional Liability Insurance	6900	\$ 233,553	\$ 0	\$ 233,553	(Sch 6)
169		Quality Assurance Fees	6900	\$ 718,866	\$ 0	\$ 718,866	(Sch 6)
170		Inservice Education - Nursing					
170	.01-.19	Salaries and Wages	6800	\$ 45,434	\$ 0	\$ 45,434	(Sch 3)
170	.20-.39	Fringe Benefits	6800	12,740	0	12,740	(Sch 3)
170	.49	Agency Staff	6800		0	0	(Sch 3)
170	.40-.99	Other - Nonlabor	6800		0	0	(Sch 4)
170		Inservice Education - Nursing - Total	6800	\$ 58,174	\$ 0	\$ 58,174	
174		Caregiver Training					
174	.01-.19	Salaries and Wages	6900	\$	\$ 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	
		<b>Subtotal 155 - 174</b>		\$ 2,869,965	\$ 0	\$ 2,869,965	
200		<b>Total</b>		\$ 9,571,754	\$ (1)	\$ 9,571,753	

210	0.24	Total Facility Group Health Insurance * (Adj 1)	6900			\$ 32,607
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\* For informational purposes only, this amount is included in various cost centers above.

Provider Name:  
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NPI:  
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JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

Line No.	Sub No.	TOTAL ADJ (Page 1)	AUDIT ADJ 2	AUDIT ADJ						
005	1	Plant Operations and Maintenance - Salaries and Wages	0							
005	2	Plant Operations and Maintenance - Fringe Benefits	0							
005	3	Plant Operations and Maintenance - Agency Staff	0							
005	4	Plant Operations and Maintenance - Other - Nonlabor	0							
010	1	Housekeeping - Salaries and Wages	0							
010	2	Housekeeping - Fringe Benefits	0							
010	3	Housekeeping - Agency Staff	0							
010	4	Housekeeping - Other - Nonlabor	0							
015	4	Depreciation: Buildings and Improvements	0							
020	4	Depreciation: Leasehold Improvements	0							
025	4	Depreciation: Equipment	0							
030	4	Depreciation and Amortization - Other	0							
035	4	Leases and Rentals	0							
040	4	Property Taxes	0							
045	4	Property Insurance	0							
050	4	Interest - Property, Plant, and Equipment	0							
055	4	Interest - Other	0							
060	1	Laundry and Linen - Salaries and Wages	0							
060	2	Laundry and Linen - Fringe Benefits	0							
060	3	Laundry and Linen - Agency Staff	0							
060	4	Laundry and Linen - Other - Nonlabor	0							
065	1	Dietary - Salaries and Wages	0							
065	2	Dietary - Fringe Benefits	0							
065	3	Dietary - Agency Staff	0							
065	4	Dietary - Other - Nonlabor	0							
070	4	Provision for Bad Debts	(1)	(1)						
075	1	Patient Supplies - Salaries and Wages	0							
075	2	Patient Supplies - Fringe Benefits	0							
075	3	Patient Supplies - Agency Staff	0							
075	4	Patient Supplies - Other - Nonlabor	0							
077	1	Specialized Support Surfaces - Salaries and Wages	0							
077	2	Specialized Support Surfaces - Fringe Benefits	0							
077	3	Specialized Support Surfaces - Agency Staff	0							
077	4	Specialized Support Surfaces - Other - Nonlabor	0							
080	1	Physical Therapy - Salaries and Wages	0							
080	2	Physical Therapy - Fringe Benefits	0							
080	3	Physical Therapy - Agency Staff	0							
080	4	Physical Therapy - Other - Nonlabor	0							
081	1	Respiratory Therapy - Salaries and Wages	0							
081	2	Respiratory Therapy - Fringe Benefits	0							
081	3	Respiratory Therapy - Agency Staff	0							
081	4	Respiratory Therapy - Other - Nonlabor	0							
082	1	Occupational Therapy - Salaries and Wages	0							
082	2	Occupational Therapy - Fringe Benefits	0							
082	3	Occupational Therapy - Agency Staff	0							
082	4	Occupational Therapy - Other - Nonlabor	0							





Provider Name:  
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JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 2	AUDIT ADJ						
167	4	CDPH Licensing Fees	0								
168	4	Professional Liability Insurance	0								
169	4	Quality Assurance Fees	0								
170	1	Inservice Education - Nursing - Salaries and Wages	0								
170	2	Inservice Education - Nursing - Fringe Benefits	0								
170	3	Inservice Education - Nursing - Agency Staff	0								
170	4	Inservice Education - Nursing - Other - Nonlabor	0								
174	1	Caregiver Training - Salaries and Wages	0								
174	2	Caregiver Training - Fringe Benefits	0								
174	3	Caregiver Training - Agency Staff	0								
174	4	Caregiver Training - Other - Nonlabor	0								
200		Total	<u>(\$1)</u>	<u>(1)</u>	<u>0</u>						

(To Sch 8)

Provider Name							Fiscal Period			NPI		Adjustments
WATERMAN CONVALESCENT HOSPITAL							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012			1265433957		10
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	Not Reported			8	210		Total Facility Group Health Insurance To include group health insurance costs in the audit report for informational purpose only. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			\$0	\$32,607	\$32,607

Provider Name							Fiscal Period		NPI		Adjustments
WATERMAN CONVALESCENT HOSPITAL							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012		1265433957		10
Report References							Explanation of Audit Adjustments				
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	As Reported	Increase (Decrease)	As Adjusted		
<b>ADJUSTMENT TO REPORTED COSTS</b>											
2	10.5	070	4	8A-1	070	4	Provision for Bad Debts To eliminate bad debt expense that is not recognized under the Medi-Cal program. 42 CFR 413.89(b)(1) and 413.178 / CMS Pub. 15-1, Section 300	\$1	(\$1)	\$0	

Provider Name							Fiscal Period	NPI	Adjustments	
WATERMAN CONVALESCENT HOSPITAL							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012	1265433957	10	
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				
<b>ADJUSTMENTS TO REPORTED STATISTICS</b>										
3	10.7	010	3	7	010	Housekeeping (Square Feet)	51	(51)	0	
	10.7	081	1,2,3	7	081	Respiratory Therapy	0	81	81	
	10.7	175	1,2	7	N/A	Total Statistics - Square Feet	23,221	81	23,302	
	10.7	175	3	7	N/A	Total Statistics - Square Feet	23,221	30	23,251	
To adjust square footage statistics to agree with the prior year audited square footage in order to properly allocate indirect costs. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2304 and 2306										
4	10.7	105	4	7	105	Laundry and Linen (Pounds of Laundry)	0	96,320	96,320	
	10.7	175	4	7	N/A	Total Statistics - Pounds of Laundry	0	96,320	96,320	
To establish pounds of laundry statistics to agree with the provider's records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2304 and 2306										
5	10.7	105	5	7	105	Dietary (Meals Served)	0	142,797	142,797	
	10.7	175	5	7	N/A	Total Statistics - Meals Served	0	142,797	142,797	
To establish meals served statistics to agree with the provider's records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2304 and 2306										

Provider Name							Fiscal Period	NPI	Adjustments	
WATERMAN CONVALESCENT HOSPITAL							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012	1265433957	10	
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				
<b>ADJUSTMENTS TO REPORTED PATIENT DAYS</b>										
6	11(2)	105	1	1	12		Total Patient Days of Service - Skilled Nursing Care To adjust total patient days to agree with the provider's patient census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	48,160	7	48,167
7	4.1	5	2	1	15		Medi-Cal Days of Service - Skilled Nursing To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2012 through December 31, 2012 Payment Period: January 1, 2012 through January 31, 2014 Report Date: February 14, 2014 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 51511	33,963	(2)	33,961
8	Not Reported			1	16		Medi-Cal Managed Care Days - Skilled Nursing Care To include Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	653	653

Provider Name							Fiscal Period			NPI		Adjustments
WATERMAN CONVALESCENT HOSPITAL							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012			1265433957		10
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						
<b>ADJUSTMENTS TO OTHER MATTERS</b>												
	Not Reported			1	14		Overpayments			\$0		
9							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			\$17,519		
10							To recover transportation fees charged to patients by the provider against the Share of Cost. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1			\$17,619	\$17,619	
										<u>100</u>		