

**REPORT
ON THE
COST REPORT REVIEW**

**NELSON M. HOLDERMAN
YOUNTVILLE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1740434661**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Kelly Ostrom
Auditors: Dat Trinh and David Pereira**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 30, 2013

Eric Lau, Chief
California Department of Veterans Affairs
1227 O Street
Sacramento, CA 95814

NELSON M. HOLDERMAN
NATIONAL PROVIDER IDENTIFIER (NPI) 1740434661
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the provider's 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.

Our examination of the Skilled Nursing Facility per diem was limited to a review of the cost report and census records.

This audit report includes the:

1. Summary of Findings
2. Computation of Skilled Nursing Facility Per Diem (SNF Schedules)
3. Audit Adjustments Schedule

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

Eric Lau, Chief
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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—
Sacramento at (916) 650-6994.

Original Signed By

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

Certified

SUMMARY OF FINDINGS

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

| | | SETTLEMENT | COST |
|--|-------------------------------------|------------|------------|
| 1. Medi-Cal Noncontract Settlement (SCHEDULE 1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 2. Subprovider I (SCHEDULE 1-1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 3. Subprovider II (SCHEDULE 1-2) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 4. Medi-Cal Contract Cost (CONTRACT SCH 1) | Provider NPI: | | |
| | Reported | | \$ 0 |
| | Net Change | | \$ 0 |
| | Audited Cost | | \$ 0 |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 5. Skilled Nursing Facility (SNF SCH 1) | Provider NPI: 1740434661 | | |
| | Reported | | \$ 419.07 |
| | Net Change | | \$ (67.71) |
| | Audited Cost Per Day | | \$ 351.36 |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 6. Distinct Part Nursing Facility (DPNF SCH 1-1) | Provider NPI: | | |
| | Reported | | \$ 0.00 |
| | Net Change | | \$ 0.00 |
| | Audited Cost Per Day | | \$ 0.00 |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 7. Adult Subacute (ADULT SUBACUTE SCH 1) | Provider NPI: | | |
| | Reported | | \$ 0.00 |
| | Net Change | | \$ 0.00 |
| | Audited Cost Per Day | | \$ 0.00 |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 8. Total Medi-Cal Settlement Due Provider (State) - (Lines 1 through 7) | | \$ 0 | |
| 9. Total Medi-Cal Cost | | | \$ 0 |

SUMMARY OF FINDINGS

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

| | | SETTLEMENT | COST |
|---|-------------------------------------|------------|---------|
| 10. Subacute (SUBACUTE SCH 1-1) | Provider NPI: | | |
| | Reported | | \$ 0.00 |
| | Net Change | | \$ 0.00 |
| | Audited Cost Per Day | | \$ 0.00 |
| Audited Amount Due Provider (State) | | \$ 0 | |
| 11. Rural Health Clinic (RHC SCH 1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 12. Rural Health Clinic (RHC 95-210 SCH 1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 13. Rural Health Clinic (RHC 95-210 SCH 1-1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 14. County Medical Services Program (CMSP SCH 1) | Provider NPI: | | |
| | Reported | \$ 0 | |
| | Net Change | \$ 0 | |
| | Audited Amount Due Provider (State) | \$ 0 | |
| 15. Transitional Care (TC SCH 1) | Provider NPI: | | |
| | Reported | | \$ 0.00 |
| | Net Change | | \$ 0.00 |
| | Audited Cost Per Day | | \$ 0.00 |
| Audited Amount Due Provider (State) | | \$ 0 | |
| 16. Total Other Settlement Due Provider - (Lines 10 through 15) | | \$ 0 | |
| 17. Total Combined Audited Settlement Due Provider (State/CMSP/RHC) - (Line 8 + Line 16) | | \$ 0 | |

**COMPUTATION OF
SKILLED NURSING FACILITY PER DIEM**

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

Provider NPI:
1740434661

| | REPORTED | AUDITED | DIFFERENCE |
|---|--------------------------|----------------|-------------------|
| COMPUTATION OF SKILLED NURSING FACILITY PER DIEM | | | |
| 1 | \$ 0 | \$ 0 | \$ 0 |
| 2. Skilled Nursing Facility Routine Cost (SNF Sch 2) | \$ 28,831,328 | \$ 27,078,286 | \$ (1,753,042) |
| 3 | \$ | \$ | \$ 0 |
| 4. Total SNF Patient Days (Adj 4) | 68,798 | 77,066 | 8,268 |
| 5. Average SNF Per Diem Cost (Line 2 / Line 4) | \$ 419.07 | \$ 351.36 | \$ (67.71) |
| SKILLED NURSING OVERPAYMENT AND OVERBILLINGS | | | |
| 6. Medi-Cal Overpayments (Adj) | \$ 0 | \$ 0 | \$ 0 |
| 7. Medi-Cal Credit Balances (Adj) | \$ 0 | \$ 0 | \$ 0 |
| 8. MEDI-CAL SETTLEMENT Due Provider (State) | \$ 0 | \$ 0 | \$ 0 |
| | (To Summary of Findings) | | |
| GENERAL INFORMATION | | | |
| 9. Total Available Skilled Nursing Beds (C/R, W/S S-3) | 224 | 224 | 0 |
| 10. Total Licensed Capacity (All levels) (Adj) | 974 | 974 | 0 |
| 11 | 0 | 0 | 0 |

**ALLOCATION OF INDIRECT EXPENSES
DISTINCT PART NURSING FACILITY**

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

Provider NPI:
1740434661

| COL. | COST CENTER | AUDITED CAP RELATED * (COL 1) | AUDITED SAL & EMP BENEFITS * (COL 2) |
|-------------|--|--|---|
| 1.00 | Old Cap Rel Costs-Bldg & Fixtures | \$ 0 | \$ N/A |
| 2.00 | Old Cap Rel Costs-Movable Equipment | 0 | N/A |
| 0.00 | 0 | 0 | N/A |
| 0.00 | 0 | 0 | N/A |
| 0.00 | | 0 | N/A |
| 3.00 | Employee Benefits | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | | 0 | 0 |
| 0.00 | | 0 | 0 |
| 0.00 | | 0 | 0 |
| 4.00 | Administrative and General | 0 | 0 |
| 5.00 | Plant Operation, Maint. and Repairs | 0 | 0 |
| 6.00 | Laundry and Linen Service | 0 | 0 |
| 7.00 | Housekeeping | 0 | 0 |
| 8.00 | Dietary | 0 | 0 |
| 8.01 | Cafeteria | 0 | 0 |
| 9.00 | Nursing Administration | 0 | 0 |
| 9.01 | Maintenance of Personnel | 0 | 0 |
| 10.00 | Central Services and Supply | 0 | 0 |
| 11.00 | Pharmacy | 0 | 0 |
| 12.00 | Medical Records and Library | 0 | 0 |
| 13.00 | Social Service | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | | 0 | 0 |
| 0.00 | | 0 | 0 |
| 0.00 | | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 0.00 | 0 | 0 | 0 |
| 101 | TOTAL ALLOCATED INDIRECT EXPENSES | \$ 0 | \$ 0 |

* These amounts include both Skilled Nursing Facility expenses
line 34 and Nursing Facility expenses, line 35

(To DPNF SCH 1)

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

| | LAUNDRY & LINEN (LB LNDRY) | HOUSE- KEEPING (HR SERV) | DIETARY (MEALS SERVED) | CAFETERIA (FTE) | NURSING ADMIN (NURSE HR) | MAINT OF PERSONNEL (# HOUSED) | CENT SERV & SUPPLY (CST REQ) | PHARMACY (COSTS REQUIS) | MED REC (TIME SPENT) | SOCIAL SERV. (TIME SPENT) | STAT | STAT |
|---------------------------------------|-------------------------------------|--------------------------------|------------------------------|--------------------|--------------------------------|-------------------------------------|------------------------------------|-------------------------------|----------------------------|---------------------------------|-------|-------|
| | 6.00 | 7.00 | 8.00 | 8.01 | 9.00 | 9.01 | 10.00 | 11.00 | 12.00 | 13.00 | (Adj) | (Adj) |
| | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) |
| GENERAL SERVICE COST CENTERS | | | | | | | | | | | | |
| 1.00 | Old Cap Rel Costs-Bldg & Fixtures | | | | | | | | | | | |
| 2.00 | Old Cap Rel Costs-Movable Equipment | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 3.00 | Employee Benefits | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 4.00 | Administrative and General | | | | | | | | | | | |
| 5.00 | Plant Operation, Maint. and Repairs | | | | | | | | | | | |
| 6.00 | Laundry and Linen Service | | | | | | | | | | | |
| 7.00 | Housekeeping | | | | | | | | | | | |
| 8.00 | 16,290 | | | | | | | | | | | |
| 8.01 | 7,619 | 10,326 | | | | | | | | | | |
| 8.01 | | 861 | | | | | | | | | | |
| 9.00 | | 896 | | 224 | | | | | | | | |
| 9.01 | | | | | | | | | | | | |
| 10.00 | | 324 | | 81 | 1,933 | | | | | | | |
| 11.00 | | | | 137 | | | 5 | | | | | |
| 12.00 | | 578 | | 68 | | | 10 | | | | | |
| 13.00 | | 186 | | 119 | | | 10 | | | | | |
| INPATIENT ROUTINE COST CENTERS | | | | | | | | | | | | |
| 16.00 | 341,842 | 28,183 | 233,913 | 2,086 | 375,270 | | | 21 | 7,627 | | | |
| 19.00 | 191,591 | 30,780 | 488,939 | 193 | | | | 66 | 8,025 | | | |

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

| | LAUNDRY & LINEN (LB LNDRY) 6.00 (Adj) (Adj) | HOUSE- KEEPING (HR SERV) 7.00 (Adj) (Adj) | DIETARY (MEALS SERVED) 8.00 (Adj) (Adj) | CAFETERIA (FTE) 8.01 (Adj) (Adj) | NURSING ADMIN (NURSE HR) 9.00 (Adj) (Adj) | MAINT OF PERSONNEL (# HOUSED) 9.01 (Adj) (Adj) | CENT SERV & SUPPLY (CST REQ) 10.00 (Adj) (Adj) | PHARMACY (COSTS REQUIS) 11.00 (Adj) (Adj) | MED REC (TIME SPENT) 12.00 (Adj) (Adj) | SOCIAL SERV. (TIME SPENT) 13.00 (Adj) (Adj) | STAT (Adj) (Adj) | STAT (Adj) (Adj) | |
|-------------------------------------|--|--|--|--|--|---|---|--|---|--|------------------------|------------------------|----------|
| ANCILLARY COST CENTERS | | | | | | | | | | | | | |
| 21.00 | Radiology | 280 | 386 | | 14 | | | 348 | | | | | |
| 22.00 | Laboratory | | 285 | | | | | 23,729 | | | | | |
| 23.00 | Intravenous Therapy | | | | | | | | | | | | |
| 24.00 | Oxygen (Inhalation) Therapy | | 151 | | 44 | | | 165,359 | | | | | |
| 25.00 | Physical Therapy | 2,200 | 689 | | 80 | 5,616 | | 2,523 | | | | | |
| 26.00 | Occupational Therapy | 2,273 | 490 | | 39 | | | 1,486 | | | | | |
| 27.00 | Speech Pathology | | 274 | | 88 | | 10 | 10,656 | | | | | |
| 28.00 | Electrocardiology | | 61 | | 11 | 1,923 | | 2,239 | | | | | |
| 29.00 | Medical Supplies Charged to Patients | | | | | | | 846,997 | | | | | |
| 30.00 | Drugs Charged to Patients | | | | | | | | 2,630,110 | | | | |
| 34.00 | Clinic | 4,070 | 4,666 | | 396 | 49,491 | 10 | 55,089 | | | | | |
| NONREIMBURSABLE COST CENTERS | | | | | | | | | | | | | |
| 58.00 | Gift, Flower, Coffee Shop & Canteen | | | | | | | | | | | | |
| 59.00 | Barber & Beauty Shop | | | | | | | | | | | | |
| 60.00 | Physicians' Private Office | | | | | | | | | | | | |
| 61.00 | Nonpaid Workers | | | | | | | | | | | | |
| 62.00 | Patient's Laundry | | | | | | | | | | | | |
| 63.00 | Other Nonreimb-Empty Space | | | | 9 | | | | | | | | |
| 63.01 | Vocation and Leisure | | 215 | | 19 | | 10 | | | | | | |
| 63.02 | Dental Clinic | 220 | 120 | | 50 | | | 21,663 | | | | | |
| 63.03 | ICF/Nursing Facility | 264,677 | 15,706 | 151,834 | 575 | 90,863 | | | 13 | 4,767 | | | |
| TOTAL | | 831,062 | 95,177 | 874,686 | 4,233 | 525,096 | 55 | 1,130,089 | 2,630,110 | 100 | 20,419 | 0 | 0 |
| COST TO BE ALLOCATED | | 1,412,143 | 4,077,270 | 10,124,163 | 821,379 | 2,606,815 | 654,390 | 728,446 | 1,927,190 | 789,989 | 1,542,108 | 0 | 0 |
| UNIT COST MULTIPLIER - SCH 8 | | 1.699203 | 42.838813 | 11.574626 | 194.041774 | 4.964455 | 11897.99764 | 0.644592 | 0.732741 | 7899.885099 | 75.523171 | 0.000000 | 0.000000 |

Provider Name:
NELSON M. HOLDERMAN

Fiscal Period Ended:
JUNE 30, 2010

| | STAT | STAT | STAT | STAT | STAT | STAT | STAT |
|---------------------------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|
| | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) |
| | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) | (Adj) |
| GENERAL SERVICE COST CENTERS | | | | | | | |
| 1.00 | Old Cap Rel Costs-Bldg & Fixtures | | | | | | |
| 2.00 | Old Cap Rel Costs-Movable Equipment | | | | | | |
| | | | | | | | |
| 3.00 | Employee Benefits | | | | | | |
| | | | | | | | |
| 4.00 | Administrative and General | | | | | | |
| 5.00 | Plant Operation, Maint. and Repairs | | | | | | |
| 6.00 | Laundry and Linen Service | | | | | | |
| 7.00 | Housekeeping | | | | | | |
| 8.00 | Dietary | | | | | | |
| 8.01 | Cafeteria | | | | | | |
| 9.00 | Nursing Administration | | | | | | |
| 9.01 | Maintenance of Personnel | | | | | | |
| 10.00 | Central Services and Supply | | | | | | |
| 11.00 | Pharmacy | | | | | | |
| 12.00 | Medical Records and Library | | | | | | |
| 13.00 | Social Service | | | | | | |
| | | | | | | | |
| INPATIENT ROUTINE COST CENTERS | | | | | | | |
| 16.00 | Skilled Nursing Facility | | | | | | |
| 19.00 | Other Long Term Care | | | | | | |

| Provider Name | | | | | | | Fiscal Period | Provider NPI | | Adjustments |
|--|--------------|-------------|------|-------|-------|------|---|--------------|---------------------|----------------|
| NELSON M. HOLDERMAN | | | | | | | AUGUST 1, 2009 THROUGH JUNE 30, 2010 | 1740434661 | | 4 |
| Report References | | | | | | | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| Adj. No. | Audit Report | Cost Report | | | | | | | | |
| | | Work Sheet | Part | Title | Line | Col. | | | | |
| <u>RECLASSIFICATION OF REPORTED COSTS</u> | | | | | | | | | | |
| 1 | 10A | A | | | 4.00 | 7 | Administrative and General | \$16,491,997 | (\$297,350) | \$16,194,647 * |
| | 10A | A | | | 21.00 | 7 | Radiology | 139,423 | 450 | 139,873 |
| | 10A | A | | | 22.00 | 7 | Laboratory | 403,872 | 2,548 | 406,420 |
| | 10A | A | | | 25.00 | 7 | Physical Therapy | 510,634 | 2,317 | 512,951 |
| | 10A | A | | | 34.00 | 7 | Clinic | 3,243,048 | 292,035 | 3,535,083 |
| | | | | | | | To reclassify medical staff expense in Administrative and General to an ancillary cost center. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2203.2, 2300, and 2304 | | | |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | | | | | | Fiscal Period | Provider NPI | | Adjustments | |
|---|--------------|-------------|------|-------|------|------|--|--------------|---------------------|---------------|----------------|
| NELSON M. HOLDERMAN | | | | | | | AUGUST 1, 2009 THROUGH JUNE 30, 2010 | 1740434661 | | 4 | |
| Report References | | | | | | | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted | |
| Adj. No. | Audit Report | Cost Report | | | | | | | | | |
| | | Work Sheet | Part | Title | Line | Col. | | | | | |
| <u>ADJUSTMENTS TO REPORTED COSTS</u> | | | | | | | | | | | |
| 2 | 10A | A | | | 4.00 | 7 | Administrative and General To eliminate the construction expenses to agree with the provider's adjustment. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$16,194,647 | (\$2,064,985) | \$14,129,662 * |
| 3 | 10A | A | | | 4.00 | 7 | Administrative and General To eliminate administrative and general expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$14,129,662 | (\$2,064,985) | \$12,064,677 |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | | | | | | Fiscal Period | Provider NPI | Adjustments | |
|---|--------------|-------------|------|-------|------|------|---|--------------|---------------------|-------------|
| NELSON M. HOLDERMAN | | | | | | | AUGUST 1, 2009 THROUGH JUNE 30, 2010 | 1740434661 | 4 | |
| Report References | | | | | | | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| Adj. No. | Audit Report | Cost Report | | | | | | | | |
| | | Work Sheet | Part | Title | Line | Col. | | | | |
| <u>ADJUSTMENT TO REPORTED PATIENT DAYS - SNF</u> | | | | | | | | | | |
| 4 | SNF Sch. 1 | S-3 | I | | 1.00 | 7 | Skilled Nursing Facility Days To adjust total skilled nursing facility days to agree with the provider's patient census report. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304 | 68,798 | 8,268 | 77,066 |