

**REPORT
ON THE
HOME OFFICE AUDIT**

**CENTURION HEALTHCARE
SANTA BARBARA, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Steven Gary
Audit Supervisor: Delia Valencia
Auditor: Brittney Heth**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

April 26, 2012

John Lund, President
Centurion Healthcare
98 Olive Mill Lane
Santa Barbara, CA 93108

CENTURION HEALTHCARE
FISCAL PERIOD ENDED DECEMBER 31, 2010

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2010. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the Summary of Audited Home Office Costs to Health Care Facilities represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Summary of Audited Home Office Costs to Health Care Facilities
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

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

Original Signed By

Steven Gary, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

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COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST

HOME OFFICE:
CENTURION HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	PROVIDER NPI 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
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(From Sch 2, Col 6) (Col 5 - Col 4)

1.	Asbury Park Nursing & Rehab	1508959214	12/31/2010	\$127,710	\$109,640	(\$18,070)
2.	College Oak Nursing & Rehab Center	1629158597	12/31/2010	101,736	89,277	(12,459)
3.	Oak Ridge Healthcare Center	1518068907	12/31/2010	59,859	52,132	(7,727)
4.	Saylor Lane Healthcare Center	1215928387	12/31/2010	42,977	45,815	2,838
5.	Sherwood Healthcare Center	1689755456	12/31/2010	60,501	53,026	(7,475)
6.	Woodside Healthcare Center	1952491862	12/31/2010	52,966	46,376	(6,590)
7.	Pacific Grove Convalescent Hospital	1275614448	12/31/2010	12,780	53,849	41,069
8.					0	0
9.					0	0
10.					0	0
11.					0	0
12.					0	0
13.					0	0
14.					0	0
15.					0	0
16.					0	0
17.					0	0
18.					0	0
19.					0	0
20.					0	0
21.					0	0
22.					0	0
23.					0	0
24.					0	0
25.					0	0

TOTALS

\$458,530 \$450,115 (\$8,415)

SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
CENTURION HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	PROVIDER NPI 2	FISCAL YEAR END 3	DIRECT EXPENSES 4	POOLED EXPENSES 5	TOTAL DIRECT & POOLED FACILITY EXPENSE 6
			(From Sch 4)	(From Sch 3)	(Col 4 + Col 5)
1. Asbury Park Nursing & Rehab	1508959214	12/31/2010	\$0	\$109,640	\$109,640
2. College Oak Nursing & Rehab C	1629158597	12/31/2010	0	89,277	89,277
3. Oak Ridge Healthcare Center	1518068907	12/31/2010	0	52,132	52,132
4. Saylor Lane Healthcare Center	1215928387	12/31/2010	11,021	34,794	45,815
5. Sherwood Healthcare Center	1689755456	12/31/2010	0	53,026	53,026
6. Woodside Healthcare Center	1952491862	12/31/2010	0	46,376	46,376
7. Pacific Grove Convalescent Hos	1275614448	12/31/2010	0	53,849	53,849
8.			0	0	0
9.			0	0	0
10.			0	0	0
11.			0	0	0
12.			0	0	0
13.			0	0	0
14.			0	0	0
15.			0	0	0
16.			0	0	0
17.			0	0	0
18.			0	0	0
19.			0	0	0
20.			0	0	0
21.			0	0	0
22.			0	0	0
23.			0	0	0
24.			0	0	0
25.			0	0	0
TOTALS			\$11,021	\$439,094	\$450,115

(To Sch 1)

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
CENTURION HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY	Allocation Statistics Base: Accumulated Cost 1	Percent 2	Allocation Pool Expenses 3
Program Services (Adj)	\$445,750	100.0000%	\$439,094
Nonprogram Services (Adj)		0.0000%	0
TOTAL	\$445,750	100.0000%	\$439,094

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	PROVIDER NPI	Audit Adjustment	Allocation Statistic: Total Expenses	Allocated Pool Expense (Col 2 X UCM)
1. Asbury Park Nursing & Rehab	1508959214	9	10,017,594	\$109,640
2. College Oak Nursing & Rehab Center	1629158597	9	8,157,080	89,277
3. Oak Ridge Healthcare Center	1518068907	9	4,763,242	52,132
4. Saylor Lane Healthcare Center	1215928387	9	3,179,092	34,794
5. Sherwood Healthcare Center	1689755456	9	4,844,927	53,026
6. Woodside Healthcare Center	1952491862	9	4,237,276	46,376
7. Pacific Grove Convalescent Hospital	1275614448	9	4,920,128	53,849
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0

TOTALS

40,119,339 \$439,094

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	0.010945
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
CENTURION HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	PROVIDER NPI	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			Wages 3 (Adj 1) (Adj)	Telephone/ telegraph 4 (Adj 2) (Adj)	Office Supplies 5 (Adj 3) (Adj)	specify expense 6 (Adj) (Adj)	
1.	Asbury Park Nursing & Rehab 1508959214	\$0	\$0	\$0	\$0	\$0	\$0
2.	College Oak Nursing & Rehab 1629158597	0	0	0	0	0	0
3.	Oak Ridge Healthcare Center 1518068907	0	0	0	0	0	0
4.	Saylor Lane Healthcare Cente 1215928387	0	0	10,836	185	0	11,021
5.	Sherwood Healthcare Center 1689755456	0	0	0	0	0	0
6.	Woodside Healthcare Center 1952491862	0	0	0	0	0	0
7.	Pacific Grove Convalescent H 1275614448	12,780	(12,780)	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.		0	0	0	0	0	0
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
TOTALS		\$12,780	(\$12,780)	\$10,836	\$185	\$0	\$11,021

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
CENTURION HEALTHCAREFISCAL PERIOD ENDED:
DECEMBER 31, 2010

ACCOUNT DESCRIPTION 1	REPORTED COSTS 2	COST AUDIT ADJUSTMENTS 3	AUDITED COSTS 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 4-8) (Adj)	(Col 2 + Col 3)	(Adj 1-3) (Adj)	(Col 4 - Col 5)
1. Salaries/officers			\$0		\$0
2. Salaries/others	356,667	(7,550)	349,117	0	349,117
3. Payroll taxes			0		0
4. Employee benefits	51,760		51,760		51,760
5. Profit sharing/ pension plan			0		0
6. Travel/entertainment	90		90		90
7. Automobile			0		0
8. Depreciation/amortization			0		0
9. Building rental			0		0
10. Equipment rental			0		0
11. Utilities			0		0
12. Legal and accounting			0		0
13. Telephone/telegraph	13,354		13,354	10,836	2,518
14. Insurance			0		0
15. Taxes and licenses			0		0
16. Corporate maintenance costs			0		0
17. Contributions			0		0
18. Interest expense			0		0
19. Outside services			0		0
20. Office Supplies	18,209		18,209	185	18,024
21. Purchased Services	1,559		1,559		1,559
22. Postage	16,891	(865)	16,026		16,026
23.			0		0
24.			0		0
25.			0		0
26.			0		0
27.			0		0
28.			0		0
29.			0		0
30.			0		0
31.			0		0
32.			0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	\$458,530	(\$8,415)	\$450,115	\$11,021	\$439,094
				(To Sch 4)	(To Sch 3)

Provider Name							Fiscal Period	Provider NPI		Adjustments
CENTURION HEALTHCARE							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	N/A		9
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
RECLASSIFICATIONS OF REPORTED COSTS										
1	4	1	3	4	7	3	Pacific Grove Convalescent Hospital	\$12,780	(\$12,780)	\$0
	4	1	3	5	2	5	Salaries/others To reclassify salaries from direct to pooled costs to agree with the provider's records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 300, 2150, 2150.3, 2304, and 2306	12,780	(12,780)	0
2	2	13	3	5	13	5	Telephone/telegraph	\$13,354	(\$10,836)	\$2,518
	Not Reported			4	4	4	Saylor Lane Healthcare Center To reclassify telephone expense directly to Saylor Lane cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8	0	10,836	10,836 *
3	2	20	3	5	20	5	Office Supplies	\$18,209	(\$185)	\$18,024
	Not Reported			4	4	5	Saylor Lane Healthcare Center To reclassify Intuit expense directly to Saylor Lane cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8	* 10,836	185	11,021

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
CENTURION HEALTHCARE				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				N/A		9
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
ADJUSTMENTS TO REPORTED COSTS										
	2	2	3	5	2	2	Salaries/others	\$356,667		
4							To reconcile the reported salaries expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$350)	
5							To eliminate salaries due to duplicate services 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(7,200)</u> (\$7,550)	\$349,117
	2	22	3	5	22	3	Postage	\$16,891		
6							To eliminate Pitney Bowes late fees not considered necessary, prudent or related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2, 2102.3, 2103, and 2105		(\$90)	
7							To eliminate duplicate entries to Pitney Bowes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(591)	
8							To eliminate postage expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		<u>(184)</u> (\$865)	\$16,026

Provider Name				Fiscal Period			Provider NPI		Adjustments	
CENTURION HEALTHCARE				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010			N/A		9	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
ADJUSTMENT TO REPORTED STATISTICS										
9	5	1	2	3	1	2	Asbury Park Nursing and Rehab	10,257,857	(240,263)	10,017,594
	5	2	2	3	2	2	College Oak Nursing and Rehab	8,171,611	(14,531)	8,157,080
	5	3	2	3	3	2	Oak Ridge Healthcare Center	4,808,005	(44,763)	4,763,242
	5	4	2	3	4	2	Saylor Lane Healthcare Center	3,452,015	(272,923)	3,179,092
	5	5	2	3	5	2	Sherwood Healthcare Center	4,859,575	(14,648)	4,844,927
	5	6	2	3	6	2	Woodside Healthcare Center	4,254,326	(17,050)	4,237,276
	5	7	2	3	7	2	Pacific Grove Convalescent Hospital	0	4,920,128	4,920,128
	5	22	2	3		2	Totals	35,803,389	4,315,950	40,119,339
To adjust cost statistics to agree with the provider's cost records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 300, 2150, 2150.3, 2304, and 2306										