

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SUNSHINE ICF/DDH #3  
HAYWARD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1821280819**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

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

**Section Chief: Louise Wong  
Audit Supervisor: Matthew Moy  
Auditor: Mandy Wu**



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



EDMUND G. BROWN JR.  
GOVERNOR

January 23, 2012

Zanfira Vunderman, Director  
Charlex Corp USA  
4110 Sugar Maple Drive  
Danville, CA 94506-4639

SUNSHINE ICF/DDH #3  
NATIONAL PROVIDER IDENTIFIER (NPI) 1821280819  
FISCAL PERIOD ENDED DECEMBER 31, 2010

We have examined the facility's financial records/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, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	364,215	\$ 177.58
Net Audit Adjustment		<u>(17,543)</u>	<u>(8.55)</u>
Audited Cost/Cost Per Day	\$	<u>346,672</u>	\$ <u>169.03</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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 Medi-Cal Benefits, Waiver Analysis and Rates 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:

John Melton, 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

**Provider:**  
SUNSHINE ICF/DDH #3

**Fiscal Period:**  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

**Provider NPI:**  
1821280819

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 8)	2,051	1,825
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj 8)	0	226
4. Total Client Days	<u>2,051</u>	<u>2,051</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>364,215</u>	\$ <u>346,672</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>177.58</u>	\$ <u>169.03</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SUNSHINE ICF/DDH #3

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:  
1821280819

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 4,500	\$ 0	\$ 4,500
050	Leases and Rentals				0
055	Real Property Taxes		2,005	0	2,005
060	Personal Property Taxes				0
065	Mortgage Interest	1	6,957	(2,824)	4,133
070	Property Insurance	2	820	(239)	581
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 14,282	\$ (3,063)	\$ 11,219
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 7,300	\$ 0	\$ 7,300
085	Utilities		5,370	0	5,370
090	Client Transportation (excluding Adult Day Services)		2,100	0	2,100
095	Dietary		7,600	0	7,600
100	Personal Care and Laundry	3	4,100	(1,381)	2,719
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,470	\$ (1,381)	\$ 25,089
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 40,752	\$ (4,444)	\$ 36,308
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 19,712	\$ 0	\$ 19,712
120	QMRP Fringe Benefits		4,928	0	4,928
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		133,000	0	133,000
140	Aides Fringe Benefits		33,250	0	33,250
145	Other Salaries	4	12,000	(3,368)	8,632
150	Other Fringe Benefits		20,000	0	20,000
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 222,890	\$ (3,368)	\$ 219,522

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SUNSHINE ICF/DDH #3

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:  
1821280819

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
<b>EXPENSES: CONSULTANT COSTS</b>					
160	Dietician Consultant		\$ 1,244	\$ 0	\$ 1,244
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		650	0	650
185	Nurse Consultant	5	9,360	(1,680)	7,680
190	Psychologist Consultant		256	0	256
195	Physician Consultant		600	0	600
200	Recreational Consultant		1,243	0	1,243
205	Social Service Consultant				0
210	Other Consultant		400	0	400
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,753	\$ (1,680)	\$ 12,073
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **		\$ 29,700	\$ 0	\$ 29,700
225	Administrative Fringe Benefits		14,925	0	14,925
226	Quality Assurance Fees (excluding Adult Day Services)		21,635	0	21,635
230	Other General and Administrative*** (excluding Adult Day Services)	6, 7	20,560	(8,051)	12,509
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 86,820	\$ (8,051)	\$ 78,769
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 364,215	\$ (17,543)	\$ 346,672
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services ****		\$ 31,000	\$ 0	\$ 31,000
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES **** (Lines 110, 155, 215, 235, 240 and 241)		\$ 395,215	\$ (17,543)	\$ 377,672

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

\*\*\*\* Total Expense in filed Cost Report states \$381,462.

Provider Name		Fiscal Period				Provider NPI		Adjustments		
SUNSHINE ICF/DDH #3		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				1821280819		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted		
		Line	Col.	Line	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	065	4	2	065	3	Mortgage Interest To adjust mortgage expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$6,957	(\$2,824)	\$4,133
2	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$820	(\$239)	\$581
3	4	100	4	2	100	3	Personal Care and Laundry To adjust personal care and laundry expense to agree with the provider's paid receipts and invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,100	(\$1,381)	\$2,719
4	4.1	145	4	2	145	3	Other Salaries To adjust other salaries to agree with the provider's payroll records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2304 and 2306	\$12,000	(\$3,368)	\$8,632
5	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$9,360	(\$1,680)	\$7,680
6	4.1	230	4	2	230	3	Other General and Administrative To eliminate penalties or fines not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1	\$20,560	(\$550)	\$20,010 *

\*Balance carried forward from prior/to subsequent adjustments



