

**REPORT
ON THE
RATE SETTING AUDIT**

**SUNNY ROAD HOME
STOCKTON, CALIFORNIA
PROVIDER NUMBER: 1083808018**

**FISCAL PERIOD ENDED
MARCH 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: Ellada Kalachov**



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



EDMUND G. BROWN JR.
GOVERNOR

November 18, 2011

Sherry Hylton, Administrator
Sunny Road Home
P.O. Box 293
Manteca, CA 95336

PROVIDER: SUNNY ROAD HOME
PROVIDER NO. 1083808018
FISCAL PERIOD ENDED MARCH 31, 2010

We have examined the facility's financial records/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 Share of Cost. 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, patient days, and use of share of cost 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	\$	313,524	\$ 143.55
Net Audit Adjustment		<u>(90,959)</u>	<u>(41.64)</u>
Audited Cost/Cost Per Day	\$	<u>222,565</u>	\$ <u>101.91</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 Rate Development Branch.

Sherry Hylton, Administrator
Page 2

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.

Sherry Hylton, Administrator
Page 3

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

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
0

OSHPD Facility No.:
LTC60219F

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	\$ 0	\$ 0.00
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
11	Cost of Routine Service/Audited Total Costs	\$	\$ -	\$ 0.00
12	Total Patient Days (Adj)		0	
13	Cost Per Patient Day (Cost Divided by Days)	\$ -	\$ -	
14	Overpayments (Adj)	\$	\$ 0	
15	Medi-Cal Days (Adj)		0	
16	Medi-Cal Managed Care Days (Adj)		0	
INTERMEDIATE CARE				
17	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
18	Total Patient Days (Adj)		0	
19	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
20	Overpayments (Adj)	\$	\$ 0	
MENTALLY DISORDERED CARE				
21	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
22	Total Patient Days (Adj)		0	
23	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
24	Overpayments (Adj)	\$	\$ 0	
DEVELOPMENTALLY DISABLED CARE				
25	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
26	Total Patient Days (Adj)		0	
27	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
28	Overpayments (Adj)	\$	\$ 0	
SUBACUTE CARE				
29	Cost of Direct Care - Labor (Subacute Care Sch. 1, Ln. 25)	\$ N/A	\$ 0	\$ 0.00
30	Cost of Indirect Care - Labor (Subacute Care Sch. 1, Ln. 26)	\$ N/A	\$ 0	\$ 0.00
31	Cost of Direct and Indirect Nonlabor - Other (Subacute Care Sch. 1, Ln. 27)	\$ N/A	\$ 0	\$ 0.00
32	Cost of Capital Related (Subacute Care Sch. 1, Ln. 28)	\$ N/A	\$ 0	\$ 0.00
33	Property Taxes (Subacute Care Sch. 1, Ln. 29)	\$ N/A	\$ 0	\$ 0.00
34	CDPH Licensing Fees (Subacute Care Sch. 1, Ln. 30)	\$ N/A	\$ 0	\$ 0.00
35	Professional Liability Insurance (Subacute Care Sch. 1, Ln. 31)	\$ N/A	\$ 0	\$ 0.00
36	Quality Assurance Fees (Subacute Care Sch. 1, Ln. 32)	\$ N/A	\$ 0	\$ 0.00
37	Caregiver Training (Subacute Care Sch. 1, Ln. 33)	\$ N/A	\$ 0	\$ 0.00
38	Cost of Administration (Subacute Care Sch.1, Ln. 34)	\$ N/A	\$ 0	\$ 0.00
39	Total Cost of Subacute Service (Subacute Care Sch. 1, Ln. 35)	\$ 0	\$ 0	\$ 0.00
40	Total Patient Days (Subacute Care Sch. 1, Ln. 36)		0	
41	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
42	Amount Due Provider (State) (Subacute Care Sch. 1, Ln. 40)	\$ 0	\$ 0	

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
0

OSHPD Facility No.:
LTC60219F

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
SUBACUTE CARE - PEDIATRIC				
43	Cost of Routine Service (Subacute Care - Pediatric, Sch. 1, Ln 3)	\$ 0	\$ 0	
44	Cost of Ancillary Service (Subacute Care - Pediatric, Sch. 1, Ln. 1 + Ln. 2)	\$ 0	\$ 0	
45	Total Cost of Subacute Care - Pediatric Service (Ln. 42 + Ln. 43)	\$ 0	\$ 0	
46	Total Patient Days (Subacute Care - Pediatric, Sch. 1, Ln. 5)	0	0	
47	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
48	Amount Due Provider (State) (Subacute Care - Pediatric, Sch. 1, Ln. 9)	\$ 0	\$ 0	
TRANSITIONAL INPATIENT CARE				
49	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
50	Total Patient Days (Adj)		0	
51	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
52	Overpayments (Adj)	\$	\$ 0	
HOSPICE INPATIENT CARE				
53	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
54	Total Patient Days (Adj)		0	
55	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
56	Overpayments (Adj)	\$	\$ 0	
OTHER ROUTINE SERVICES				
57	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
58	Total Patient Days (Adj)		0	
59	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
60	Overpayments (Adj)	\$	\$ 0	

ALLOCATION OF CAPITAL COSTS

Provider Name:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
0

OSHPD Facility Number:
LTC60219F

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
GENERAL SERVICES										
	Capital Related (excluding lines 40 & 45)	\$ -	0%							
	Property Tax (line 40)	0	0%	\$ -						
005	Plant Operations and Maintenance			0	\$ -					
010	Housekeeping			0	0	\$ -				
060	Laundry and Linen			0	0	0	\$ -			
065	Dietary			0	0	0	0	\$ -		
155	Social Services			0	0	0	0	0	\$ -	
160	Activities			0	0	0	0	0	0	\$ -
165	Administration			0	0	0	0	0	0	0
166	Medical Records			0	0	0	0	0	0	0
170	Inservice Education - Nursing			0	0	0	0	0	0	0
ANCILLARY SERVICES										
075	Patient Supplies			0	0	0	0	0	0	0
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			0	0	0	0	0	0	0
081	Respiratory Therapy			0	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
ROUTINE SERVICES										
105	Skilled Nursing Care			0	0	0	0	0	0	0
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	0	0	0	0	0	0
145	Other Nonreimbursable			0	0	0	0	0	0	0
	TOTAL	\$ -	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
0

OSHPD Facility Number:
LTC60219F

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 0% Of Total	Property Tax 0% Of Total
	GENERAL SERVICES									
	Capital Related (excluding lines 40 & 45)	\$ -	0%							
	Property Tax (line 40)	0	0%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ -	\$ -				
166	Medical Records				0		\$ -			
170	Inservice Education - Nursing			\$ -						
	ANCILLARY SERVICES									
075	Patient Supplies			0	0	0	0	\$ -	\$ -	\$ -
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			0	0	0	0	0	0	0
081	Respiratory Therapy			0	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
	ROUTINE SERVICES									
105	Skilled Nursing Care			0	0	0	0	0	0	0*
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	0	0	0	0	0	0
145	Other Nonreimbursable			0	0	0	0	0	0	0
	TOTAL	\$ -	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* (To Schedule 1)

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

Provider:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
1083808018

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,184	2,184
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,184</u>	<u>2,184</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>313,524</u>	\$ <u>222,565</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>143.55</u>	\$ <u>101.91</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)	\$ _____	\$ _____ 0
2. Credit Balances (Adj)	\$ _____	\$ _____ 0
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
1083808018

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1 - 4	\$ 7,194	\$ (4,418)	\$ 2,776
050	Leases and Rentals		6,306		6,306
055	Real Property Taxes		2,337		2,337
060	Personal Property Taxes		0		0
065	Mortgage Interest	5	19,229	(19,229)	0
070	Property Insurance	6	3,426	1,453	4,879
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 38,492	\$ (22,194)	\$ 16,298
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 14,220	\$	\$ 14,220
085	Utilities		11,833		11,833
090	Client Transportation (excluding Adult Day Services)		(7,872)		(7,872)
095	Dietary		20,704		20,704
100	Personal Care and Laundry		1,542		1,542
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,427	\$ 0	\$ 40,427
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 78,919	\$ (22,194)	\$ 56,725
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,145	\$	\$ 10,145
120	QMRP Fringe Benefits		2,435		2,435
125	Lead Salaries		4,237		4,237
130	Lead Fringe Benefits		1,017		1,017
135	Aides Salaries		110,001		110,001
140	Aides Fringe Benefits		26,400		26,400
145	Other Salaries		1,714		1,714
150	Other Fringe Benefits		411		411
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 156,360	\$ 0	\$ 156,360

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNNY ROAD HOME

Fiscal Period:
APRIL 1, 2009 THROUGH MARCH 31, 2010

Provider NPI:
1083808018

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 864	\$	\$ 864
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		0		0
190	Psychologist Consultant		550		550
195	Physician Consultant		0		0
200	Recreational Consultant		800		800
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,214	\$ 0	\$ 2,214
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **	7	\$ 37,847	\$ (37,847)	\$ 0
225	Administrative Fringe Benefits	7	9,083	(9,083)	0
226	Quality Assurance Fees (excluding Adult Day Services)	7	16,715	(9,449)	7,266
230	Other General and Administrative*** Adult Day Services) (Excluding	7	12,386	(12,386)	0
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 76,031	\$ (68,765)	\$ 7,266
TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)			\$ 313,524	\$ (90,959)	\$ 222,565
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 313,524	\$ (90,959)	\$ 222,565

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name		Fiscal Period		Provider Number		Adjustments		
SUNNY ROAD HOME		APRIL 1, 2009 THROUGH MARCH 31, 2010		1083808018		7		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
ADJUSTMENTS TO REPORTED COSTS								
1	4	45	4	2	45.00	\$7,194		
Depreciation and Amortization								
2							(\$442)	
To eliminate refinancing fees due to lack of documentation the refinancing is necessary, proper, and related to patient care. 42 CFR 413.20, 413.24 and 413.9(c)(3) CMS Pub. 15-1, Sections 2300 and 2304								
2							(91)	
To adjust the depreciated expense for new carpet to the straight line basis. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Sections 116 and 120								
3							(825)	
To adjust the depreciated expense for linoleum to the straight line basis. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Sections 116 and 120								
4							(3,060)	\$2,776
To eliminate vehicle depreciation expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
5	4	65	4	2	65.00	\$19,229	(\$19,229)	\$0
Mortgage interest To eliminate interest expense due to insufficient documentation the borrowing is necessary, proper, and related to patient care. 42 CFR 413.20, 413.53 and 413.9(c)(3) CMS Pub. 15-1, Sections 202.2, 212.2 and 2304								
6	4	70	4	2	70.00	\$3,426	\$1,453	\$4,879
Property Insurance To reconcile the flood insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								

Provider Name		Fiscal Period		Provider Number		Adjustments		
SUNNY ROAD HOME		APRIL 1, 2009 THROUGH MARCH 31, 2010		1083808018		7		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
7	4.1	220	4	2	220.00	\$37,847	(\$37,847)	\$0
	4.1	225	4	2	225.00	9,083	(9,083)	0
	4.1	226	4	2	226.00	16,715	(9,449)	7,266
	4.1	230	4	2	230.00	12,386	(12,386)	0
<p>To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for the fiscal period ended March 31, 2010.</p> <p>42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304</p>								