

**REPORT
ON THE
RATE SETTING AUDIT**

**MERRITT MANOR CONVALESCENT HOSPITAL
TULARE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1316011851**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Christiana Aleru**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 14, 2014

Jim Higbee
Director of Reimbursement
Magnolia Health Corporation
999 North M Street
Tulare, CA 93271

PROVIDER: MERRITT MANOR CONVALESCENT HOSPITAL
NATIONAL PROVIDER IDENTIFIER: 1316011851
FISCAL PERIOD ENDED: DECEMBER 31, 2010

We have examined the facility's Integrated Disclosure and 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 patient share of cost. 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, patient days, and use of share of cost 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 \$5,639, which resulted from Medi-Cal overpayments

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

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.

Jim Higbee
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:

MERRIT MANOR CONVALESCENT HOSPITAL

Fiscal Period:

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:

1316011851

OSHPD Facility No.:

206540762

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	\$ 1,693,749	\$ 84.28
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 467,094	\$ 23.24
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 465,489	\$ 23.16
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 172,171	\$ 8.57
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 10,763	\$ 0.54
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 25,852	\$ 1.29
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 55,087	\$ 2.74
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 218,349	\$ 10.87
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 789,731	\$ 39.30
11	Cost of Routine Service/Audited Total Costs	\$ 4,019,360.00	\$ 3,898,285.67	\$ 193.98
12	Total Patient Days (Adj)	20,096	20,096	
13	Cost Per Patient Day (Cost Divided by Days)	\$ 200.01	\$ 193.98	
14	Overpayments (Adj 13)	\$ 0	\$ (5,639)	
15	Medi-Cal Days (Adj 12)	15,658	15,411	
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	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:

MERRIT MANOR CONVALESCENT HOSPITAL

Fiscal Period:

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:

1316011851

OSHPD Facility No.:

206540762

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	

* (From Subacute Care Schedule 1)

ALLOCATION OF GENERAL SERVICES
DIRECT CARE LABOR

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility No.:
206540762

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Svcs	Activities	Total
			155	160	
GENERAL SERVICES					
005	Plant Operations and Maintenance				
010	Housekeeping				
060	Laundry and Linen				
065	Dietary				
155	Social Services	\$ 24,355	\$ 24,355		
160	Activities	42,273		\$ 42,273	
165	Administration				
166	Medical Records				
170	Inservice Education - Nursing				
ANCILLARY SERVICES					
075	Patient Supplies	0	0	0	0 ***
077	Specialized Support Surfaces	N/A	0	0	0 ***
080	Physical Therapy	48,312	0	0	48,312 ***
081	Respiratory Therapy	0	0	0	0 ***
082	Occupational Therapy	55,182	0	0	55,182 ***
083	Speech Pathology	26,125	0	0	26,125 ***
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
ROUTINE SERVICES					
105	Skilled Nursing Care	1,627,121	24,355	42,273	1,693,749 *
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 *
NONREIMBURSABLE					
139	Residential Care	0	0	0	0
140	Beauty and Barber	0	0	0	0
145	Other Nonreimbursable	0	0	0	0
	TOTAL	\$ 1,823,368	\$ 24,355	\$ 42,273	\$ 1,823,368

* (To Schedule 1)
 ** (To Subacute Care Schedule 1)
 *** (To Subacute Care Schedule 2)

ALLOCATION OF GENERAL SERVICES
INDIRECT CARE LABOR

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 005	Hskpng 010	Laundry 060	Dietary 065	Soc Svcs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
GENERAL SERVICES													
005	Plant Operations and Maintenance	\$ 31,151	\$ 31,151										
010	Housekeeping	151,007	205	\$ 151,212									
060	Laundry and Linen	43,768	498	2,434	\$ 46,700								
065	Dietary	189,160	4,796	23,434	0	\$ 217,390							
155	Social Services	N/A	273	1,333	0	0	\$ 1,606						
160	Activities	N/A	284	1,388	0	0	0	\$ 1,672					
165	Administration	N/A	1,457	7,117	0	0	0	0		\$ 8,574	\$ 8,574		
166	Medical Records	54,070	546	2,665	0	0	0	0		57,281		\$ 57,281	
170	Inservice Education - Nursing	12,268	546	2,665	0	0	0	0	\$ 15,479				
ANCILLARY SERVICES													
075	Patient Supplies		549	2,684	0	0	0	0	0	3,233	97	647	\$ 3,977 ***
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	0	0	0 ***
080	Physical Therapy		546	2,665	0	0	0	0	0	3,211	210	1,403	4,824 ***
081	Respiratory Therapy		0	0	0	0	0	0	0	0	0	0	0 ***
082	Occupational Therapy		0	0	0	0	0	0	0	0	158	1,058	1,216 ***
083	Speech Pathology		0	0	0	0	0	0	0	0	75	501	576 ***
085	Pharmacy		76	370	0	0	0	0	0	446	191	1,273	1,910 ***
090	Laboratory		0	0	0	0	0	0	0	0	4	24	27 ***
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	25	166	191 ***
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 ***
ROUTINE SERVICES													
105	Skilled Nursing Care		21,122	103,205	46,700	217,390	1,606	1,672	15,479	407,174	7,801	52,119	467,094 *
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 *
NONREIMBURSABLE													
139	Residential Care		0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber		256	1,249	0	0	0	0	0	1,505	14	91	1,610
145	Other Nonreimbursable		0	0	0	0	0	0	0	0	0	0	0
	TOTAL	\$ 481,424	\$ 31,151	\$ 151,212	\$ 46,700	\$ 217,390	\$ 1,606	\$ 1,672	\$ 15,479	\$ 415,569	\$ 8,574	\$ 57,281	\$ 481,424

* (To Schedule 1)

** (To Subacute Care Schedule 1)

*** (To Subacute Care Schedule 2)

ALLOCATION OF GENERAL SERVICES
OTHER - NONLABOR

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Svcs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
GENERAL SERVICES													
005	Plant Operations and Maintenance	\$ 182,097	\$ 182,097										
010	Housekeeping	16,870	1,196	\$ 18,066									
060	Laundry and Linen	13,155	2,912	291	\$ 16,358								
065	Dietary	130,741	28,035	2,800	0	\$ 161,576							
155	Social Services	16	1,594	159	0	0	\$ 1,770						
160	Activities	14,354	1,661	166	0	0	0	\$ 16,181					
165	Administration	N/A	8,515	850	0	0	0	0		\$ 9,365	\$ 9,365		
166	Medical Records	8,416	3,189	318	0	0	0	0		11,923		\$ 11,923	
170	Inservice Education - Nursing	0	3,189	318	0	0	0	0	\$ 3,507				
ANCILLARY SERVICES													
075	Patient Supplies	23,535	3,211	321	0	0	0	0	0	27,067	106	135	\$ 27,307
077	Specialized Support Surfaces	0	0	0	0	0	0	0	0	0	0	0	0
080	Physical Therapy	14,756	3,189	318	0	0	0	0	0	18,263	229	292	18,785
081	Respiratory Therapy	0	0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy	0	0	0	0	0	0	0	0	0	173	220	393
083	Speech Pathology	0	0	0	0	0	0	0	0	0	82	104	186
085	Pharmacy	65,000	443	44	0	0	0	0	0	65,487	208	265	65,960
090	Laboratory	1,239	0	0	0	0	0	0	0	1,239	4	5	1,248
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services	8,657	0	0	0	0	0	0	0	8,657	27	35	8,719
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
ROUTINE SERVICES													
105	Skilled Nursing Care	110,929	123,469	12,330	16,358	161,576	1,770	16,181	3,507	446,120	8,521	10,849	465,489
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
NONREIMBURSABLE													
139	Residential Care	0	0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber	0	1,495	149	0	0	0	0	0	1,644	15	19	1,678
145	Other Nonreimbursable	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	\$ 589,765	\$ 182,097	\$ 18,066	\$ 16,358	\$ 161,576	\$ 1,770	\$ 16,181	\$ 3,507	\$ 568,477	\$ 9,365	\$ 11,923	\$ 589,765

* (To Schedule 1)

** (To Subacute Care Schedule 1)

*** (To Subacute Care Schedule 2)

ALLOCATION OF CAPITAL COSTS

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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)	\$ 181,600	94%							
	Property Tax (line 40)	11,352	6%	\$ 192,952						
005	Plant Operations and Maintenance			1,848	\$ 1,848					
010	Housekeeping			1,255	12	\$ 1,267				
060	Laundry and Linen			3,056	30	20	\$ 3,106			
065	Dietary			29,422	284	196	0	\$ 29,903		
155	Social Services			1,673	16	11	0	0	\$ 1,701	
160	Activities			1,743	17	12	0	0	0	\$ 1,772
165	Administration			8,936	86	60	0	0	0	0
166	Medical Records			3,347	32	22	0	0	0	0
170	Inservice Education - Nursing			3,347	32	22	0	0	0	0
ANCILLARY SERVICES										
075	Patient Supplies			3,370	33	22	0	0	0	0
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			3,347	32	22	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			465	4	3	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			129,576	1,253	865	3,106	29,903	1,701	1,772
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			1,569	15	10	0	0	0	0
145	Other Nonreimbursable			0	0	0	0	0	0	0
	TOTAL	\$ 192,952	100%	\$ 192,952	\$ 1,848	\$ 1,267	\$ 3,106	\$ 29,903	\$ 1,701	\$ 1,772

* (To Schedule 1)
 ** (To Subacute Care Schedule 1)
 *** (To Subacute Care Schedule 2)

ALLOCATION OF CAPITAL COSTS

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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 94% Of Total	Property Tax 6% Of Total
	GENERAL SERVICES									
	Capital Related (excluding lines 40 & 45)	\$ 181,600	94%							
	Property Tax (line 40)	11,352	6%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ 9,082	\$ 9,082				
166	Medical Records				3,401		\$ 3,401			
170	Inservice Education - Nursing			\$ 3,401						
	ANCILLARY SERVICES									
075	Patient Supplies			0	3,425	103	38	\$ 3,566	\$ 3,356	\$ 210
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			0	3,401	222	83	3,707	3,489	218
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			0	0	168	63	231	217	14
083	Speech Pathology			0	0	79	30	109	103	6
085	Pharmacy			0	472	202	76	750	706	44
090	Laboratory			0	0	4	1	5	5	0
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	26	10	36	34	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
	ROUTINE SERVICES									
105	Skilled Nursing Care			3,401	171,576	8,263	3,095	182,934	172,171	10,763
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	1,594	14	5	1,614	1,519	95
145	Other Nonreimbursable			0	0	0	0	0	0	0
	TOTAL	\$ 192,952	100%	\$ 3,401	\$ 180,469	\$ 9,082	\$ 3,401	\$ 192,952	\$ 181,600	\$ 11,352

* (To Schedule 1)

** (To Subacute Care Schedule 1)

*** (To Subacute Care Schedule 2)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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

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. 73% of Total	DPH Licensing Fees 2% of Total	Professional Liability Ins. 5% of Total	Quality Assur. Fees 20% of Total	Caregiver Training 0% of Total
GENERAL SERVICES														
045	Property Insurance	\$ 9,327												
055	Interest - Other	1,577												
165	Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor)	857,046												
	Total Costs Allocable as Administration	867,950	73%											
167	DPH Licensing Fees	28,413	2%											
168	Professional Liability Insurance	60,543	5%											
169	Quality Assurance Fees	239,975	20%											
174	Caregiver Training	0	0%											
	Total	1,196,881	100%						\$ 1,196,881					
ANCILLARY SERVICES														
075	Patient Supplies			\$ -	\$ 3,233	\$ 27,067	\$ 3,425	\$ 33,725	13,509	\$ 9,797	\$ 321	\$ 683	\$ 2,709	\$ -
077	Specialized Support Surfaces			0	0	0	0	0	0	0	0	0	0	0
080	Physical Therapy			48,312	3,211	18,263	3,401	73,188	29,317	21,260	696	1,483	5,878	0
081	Respiratory Therapy			0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy			55,182	0	0	0	55,182	22,105	16,030	525	1,118	4,432	0
083	Speech Pathology			26,125	0	0	0	26,125	10,465	7,589	248	529	2,098	0
085	Pharmacy			0	446	65,487	472	66,406	26,601	19,290	631	1,346	5,333	0
090	Laboratory			0	0	1,239	0	1,239	496	360	12	25	100	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	8,657	0	8,657	3,468	2,515	82	175	695	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
ROUTINE SERVICES														
105	Skilled Nursing Care			1,693,749	407,174	446,120	171,576	2,718,618	1,089,019	789,731	25,852	55,087	218,349	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
NONREIMBURSABLE														
139	Residential Care			0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber			0	1,505	1,644	1,594	4,744	1,900	1,378	45	96	381	0
145	Other Nonreimbursable			0	0	0	0	0	0	0	0	0	0	0
	SUBTOTAL	\$ 1,196,881		\$ 1,823,368	\$ 415,569	\$ 568,477	\$ 180,469	\$ 2,987,883	\$ 1,196,881					
	Total Administrative Costs							\$ 1,196,881		\$ 867,950	\$ 28,413	\$ 60,543	\$ 239,975	\$ -
	Unit Cost Multiplier							0.40057832						
	Accumulated Administration Costs (Sch 2 thru 5)			\$ 65,855	\$ 21,288	\$ 12,483	\$ 99,626							
	TOTAL FACILITY COSTS							\$ 4,284,390						

* (To Schedule 1)
 ** (To Subacute Care Schedule 1)
 *** (To Subacute Care Schedule 2)

STATISTICS FOR COST ALLOCATION

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS (Adj)	Plant Ops (SQ FT) 5 (Adj 11)	Hskpng (SQ FT) 10 (Adj 11)	Laundry (LBS) 60 (Adj)	Dietary (MEALS) 65 (Adj)	Soc Srvs (DIRECT EXP) 155 (Adj)	Activities (DIRECT EXP) 160 (Adj)	Inserv. Ed (DIRECT EXP) 170 (Adj)	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL ACCUM COST)
	GENERAL SERVICES										
005	Plant Operations and Maintenance	159									
010	Housekeeping	108	108								
060	Laundry and Linen	263	263	263							
065	Dietary	2,532	2,532	2,532							
155	Social Services	144	144	144							
160	Activities	150	150	150							
165	Administration	769	769	769							
166	Medical Records	288	288	288							
170	Inservice Education - Nursing	288	288	288							
	ANCILLARY SERVICES										
075	Patient Supplies	290	290	290						33,725	33,725
077	Specialized Support Surfaces	0	0	0						0	0
080	Physical Therapy	288	288	288						73,188	73,188
081	Respiratory Therapy	0	0	0						0	0
082	Occupational Therapy	0	0	0						55,182	55,182
083	Speech Pathology	0	0	0						26,125	26,125
085	Pharmacy	40	40	40						66,406	66,406
090	Laboratory	0	0	0						1,239	1,239
095	Home Health Services	0	0	0						0	0
100	Other Ancillary Services	0	0	0						8,657	8,657
101	Subacute Care Ancillary Services	0	0	0						0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0						0	0
	ROUTINE SERVICES										
105	Skilled Nursing Care	11,151	11,151	11,151	98,910	59,346	1,738,050	1,738,050	1,738,050	2,718,618	2,718,618
110	Intermediate Care	0	0	0			0	0	0	0	0
115	Mentally Disordered Care	0	0	0			0	0	0	0	0
120	Developmentally Disabled Care	0	0	0			0	0	0	0	0
125	Subacute Care	0	0	0			0	0	0	0	0
126	Subacute Care - Pediatric	0	0	0			0	0	0	0	0
128	Transitional Inpatient Care	0	0	0			0	0	0	0	0
130	Hospice Inpatient Care	0	0	0			0	0	0	0	0
135	Other Routine Services	0	0	0			0	0	0	0	0
	NONREIMBURSABLE										
139	Residential Care	0	0	0						0	0
140	Beauty and Barber	135	135	135						4,744	4,744
145	Other Nonreimbursable	0	0	0						0	0
	TOTAL STATISTICS	16,605	16,446	16,338	98,910	59,346	1,738,050	1,738,050	1,738,050	2,987,883	2,987,883
	TOTAL DIRECT SALARIES COSTS - SCH. 2						\$ 24,355	\$ 42,273			
	UNIT COST MULTIPLIER (DIRECT SALARIES)						0.01401283	0.024322085			
	TOTAL INDIRECT SALARIES COSTS - SCH. 3		\$ 31,151	\$ 151,212	\$ 46,700	\$ 217,390	\$ 1,606	\$ 1,672	\$ 15,479	\$ 8,574	\$ 57,281
	UNIT COST MULTIPLIER (INDIRECT SALARIES)		1.89413839	9.25520669	0.47214920	3.66309678	0.00092374	0.00096223	0.00890596	0.00286954	0.01917111
	TOTAL INDIRECT OTHER COSTS - SCH. 4		\$ 182,097	\$ 18,066	\$ 16,358	\$ 161,576	\$ 1,770	\$ 16,181	\$ 3,507	\$ 9,365	\$ 11,923
	UNIT COST MULTIPLIER (INDIRECT OTHER)		11.07241883	1.10575476	0.16538125	2.72261206	0.00101819	0.00930970	0.00201796	0.00313433	0.00399056
	TOTAL CAPITAL COSTS - SCH. 5	\$ 192,952	\$ 1,848	\$ 1,267	\$ 3,106	\$ 29,903	\$ 1,701	\$ 1,772	\$ 3,401	\$ 9,082	\$ 3,401
	UNIT COST MULTIPLIER (CAPITAL COSTS)	11.62011442	0.11234332	0.07755573	0.03140262	0.50387480	0.00097848	0.00101925	0.00195695	0.00303958	0.00113836

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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	\$ 31,151	\$ 0	\$ 31,151	(Sch 3)
005	.20-.39	Fringe Benefits	6200	0	0	0	(Sch 3)
005	.79	Agency Staff	6200	0	0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	182,097	0	182,097	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	\$ 213,248	\$ 0	\$ 213,248	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	\$ 113,305	\$ 0	\$ 113,305	(Sch 3)
010	.20-.39	Fringe Benefits	6300	42,503	(4,801)	37,702	(Sch 3)
010	.79	Agency Staff	6300	0	0	0	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	16,870	0	16,870	(Sch 4)
010		Housekeeping - Total	6300	\$ 172,678	\$ (4,801)	\$ 167,877	
015		Depreciation: Buildings and Improvements	7110 - 7120	\$ 179,998	\$ 0	\$ 179,998	(Sch 5)
020		Depreciation: Leasehold Improvements	7130	0	0	0	(Sch 5)
025		Depreciation: Equipment	7140	0	0	0	(Sch 5)
030		Depreciation and Amortization - Other	7150 - 7160	0	0	0	(Sch 5)
035		Leases and Rentals	7200	0	1,602	1,602	(Sch 5)
040		Property Taxes	7300	11,352	0	11,352	(Sch 5)
045		Property Insurance	7400	9,327	0	9,327	(Sch 5)
050		Interest - Property, Plant, and Equipment	7500	0	0	0	(Sch 6)
055		Interest - Other	7600	\$ 0	\$ 1,577	\$ 1,577	(Sch 6)
057		Subtotal 005 - 055		\$ 586,603	\$ (1,622)	\$ 584,981	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	\$ 31,820	\$ 0	\$ 31,820	(Sch 3)
060	.20-.39	Fringe Benefits	6400	13,296	(1,348)	11,948	(Sch 3)
060	.79	Agency Staff	6400	0	0	0	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	13,155	0	13,155	(Sch 4)
060		Laundry and Linen - Total	6400	\$ 58,271	\$ (1,348)	\$ 56,923	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	\$ 145,398	\$ 0	\$ 145,398	(Sch 3)
065	.20-.39	Fringe Benefits	6500	49,923	(6,161)	43,762	(Sch 3)
065	.79	Agency Staff	6500	0	0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	130,741	0	130,741	(Sch 4)
065		Dietary - Total	6500	\$ 326,062	\$ (6,161)	\$ 319,901	
070		Provision for Bad Debts	7700	\$ 0	0	\$ 0	
		Ancillary Services					
075		Patient Supplies					
075	.01-.19	Salaries and Wages	8100	\$ 0	\$ 0	\$ 0	(Sch 2)
075	.20-.39	Fringe Benefits	8100	0	0	0	(Sch 2)
075	.79	Agency Staff	8100	0	0	0	(Sch 2)
075	.40-.99	Other - Nonlabor	8100	23,535	0	23,535	(Sch 4)
075		Patient Supplies - Total	8100	\$ 23,535	\$ 0	\$ 23,535	
077		Specialized Support Surfaces					
077	.01-.19	Salaries and Wages	8150	\$ 0	\$ 0	\$ 0	N/A
077	.20-.39	Fringe Benefits	8150	0	0	0	N/A
077	.79	Agency Staff	8150	0	0	0	N/A
077	.40-.99	Other - Nonlabor	8150	0	0	0	(Sch 4)
077		Specialized Support Surfaces - Total	8150	\$ 0	\$ 0	\$ 0	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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	\$ 0	\$ 0	\$ 0	(Sch 2)
080	.20-.39	Fringe Benefits	8200	0	0	0	(Sch 2)
080	.79	Agency Staff	8200	48,312	0	48,312	(Sch 2)
080	.40-.99	Other - Nonlabor	8200	14,756	0	14,756	(Sch 4)
080		Physical Therapy - Total	8200	\$ 63,068	\$ 0	\$ 63,068	
081		Respiratory Therapy					
081	.01-.19	Salaries and Wages	8220	\$ 0	\$ 0	\$ 0	(Sch 2)
081	.20-.39	Fringe Benefits	8220	0	0	0	(Sch 2)
081	.79	Agency Staff	8220	0	0	0	(Sch 2)
081	.40-.99	Other - Nonlabor	8220	0	0	0	(Sch 4)
081		Respiratory Therapy - Total	8220	\$ 0	\$ 0	\$ 0	
082		Occupational Therapy					
082	.01-.19	Salaries and Wages	8250	\$ 0	\$ 0	\$ 0	(Sch 2)
082	.20-.39	Fringe Benefits	8250	0	0	0	(Sch 2)
082	.79	Agency Staff	8250	55,182	0	55,182	(Sch 2)
082	.40-.99	Other - Nonlabor	8250	0	0	0	(Sch 4)
082		Occupational Therapy - Total	8250	\$ 55,182	\$ 0	\$ 55,182	
083		Speech Pathology					
083	.01-.19	Salaries and Wages	8280	\$ 0	\$ 0	\$ 0	(Sch 2)
083	.20-.39	Fringe Benefits	8280	0	0	0	(Sch 2)
083	.79	Agency Staff	8280	26,125	0	26,125	(Sch 2)
083	.40-.99	Other - Nonlabor	8280	0	0	0	(Sch 4)
083		Speech Pathology - Total	8280	\$ 26,125	\$ 0	\$ 26,125	
085		Pharmacy					
085	.01-.19	Salaries and Wages	8300	\$ 0	\$ 0	\$ 0	(Sch 2)
085	.20-.39	Fringe Benefits	8300	0	0	0	(Sch 2)
085	.79	Agency Staff	8300	0	0	0	(Sch 2)
085	.40-.99	Other - Nonlabor	8300	65,000	0	65,000	(Sch 4)
085		Pharmacy - Total	8300	\$ 65,000	\$ 0	\$ 65,000	
090		Laboratory					
090	.01-.19	Salaries and Wages	8400	\$ 0	\$ 0	\$ 0	(Sch 2)
090	.20-.39	Fringe Benefits	8400	0	0	0	(Sch 2)
090	.79	Agency Staff	8400	0	0	0	(Sch 2)
090	.40-.99	Other - Nonlabor	8400	1,239	0	1,239	(Sch 4)
090		Laboratory - Total	8400	\$ 1,239	\$ 0	\$ 1,239	
095		Home Health Services					
095	.01-.19	Salaries and Wages	8800	\$ 0	\$ 0	\$ 0	(Sch 2)
095	.20-.39	Fringe Benefits	8800	0	0	0	(Sch 2)
095	.79	Agency Staff	8800	0	0	0	(Sch 2)
095	.40-.99	Other - Nonlabor	8800	0	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	\$ 0	(Sch 2)
100	.20-.39	Fringe Benefits	8900	0	0	0	(Sch 2)
100	.79	Agency Staff	8900	0	0	0	(Sch 2)
100	.40-.99	Other - Nonlabor	8900	8,657	0	8,657	(Sch 4)
100		Other Ancillary Services - Total	8900	\$ 8,657	\$ 0	\$ 8,657	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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	\$ 0	(Sch 2)
101	.20-.39	Fringe Benefits	8100-8900	0	0	0	(Sch 2)
101	.79	Agency Staff	8100-8900	0	0	0	(Sch 2)
101	.40-.99	Other - Nonlabor	8100-8900	0	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	\$ 0	(Sch 2)
102	.20-.39	Fringe Benefits	8100-8900	0	0	0	(Sch 2)
102	.79	Agency Staff	8100-8900	0	0	0	(Sch 2)
102	.40-.99	Other - Nonlabor	8100-8900	0	0	0	(Sch 4)
102		Subacute Care - Pediatric Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
104		Subtotal 075 - 102		\$ 242,806	\$ 0	\$ 242,806	
		Routine Services					
105		Skilled Nursing Care					
105	.01-.19	Salaries and Wages	6110	\$ 1,250,505	\$ 0	\$ 1,250,505	(Sch 2)
105	.20-.39	Fringe Benefits	6110	427,366	(50,750)	376,616	(Sch 2)
105	.49	Agency Staff	6110	0	0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110	198,929	(88,000)	110,929	(Sch 4)
105		Skilled Nursing Care - Total	6110	\$ 1,876,800	\$ (138,750)	\$ 1,738,050	
110		Intermediate Care					
110	.01-.19	Salaries and Wages	6120	\$ 0	\$ 0	\$ 0	
110	.20-.39	Fringe Benefits	6120	0	0	0	
110	.49	Agency Staff	6120	0	0	0	
110	.40-.99	Other - Nonlabor	6120	0	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	\$ 0	
115	.20-.39	Fringe Benefits	6130	0	0	0	
115	.49	Agency Staff	6130	0	0	0	
115	.40-.99	Other - Nonlabor	6130	0	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	\$ 0	
120	.20-.39	Fringe Benefits	6140	0	0	0	
120	.49	Agency Staff	6140	0	0	0	
120	.40-.99	Other - Nonlabor	6140	0	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	\$ 0	(Sch 2)
125	.20-.39	Fringe Benefits	6150	0	0	0	(Sch 2)
125	.49	Agency Staff	6150	0	0	0	(Sch 2)
125	.40-.99	Other - Nonlabor	6150	0	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	\$ 0	(Sch 2)
126	.20-.39	Fringe Benefits	6160	0	0	0	(Sch 2)
126	.49	Agency Staff	6160	0	0	0	(Sch 2)
126	.40-.99	Other - Nonlabor	6160	0	0	0	(Sch 4)
126		Subacute Care - Pediatric - Total	6160	\$ 0	\$ 0	\$ 0	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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	\$ 0
128	.20-.39	Fringe Benefits	6170	0	0	0
128	.49	Agency Staff	6170	0	0	0
128	.40-.99	Other - Nonlabor	6170	0	0	0
128		Transitional Inpatient Care - Total	6170	\$ 0	\$ 0	\$ 0 (Sch 2)
130		Hospice Inpatient Care				
130	.01-.19	Salaries and Wages	6180	\$ 0	\$ 0	\$ 0
130	.20-.39	Fringe Benefits	6180	0	0	0
130	.49	Agency Staff	6180	0	0	0
130	.40-.99	Other - Nonlabor	6180	0	0	0
130		Hospice Inpatient Care - Total	6180	\$ 0	\$ 0	\$ 0 (Sch 2)
135		Other Routine Services				
135	.01-.19	Salaries and Wages	6190	\$ 0	\$ 0	\$ 0
135	.20-.39	Fringe Benefits	6190	0	0	0
135	.49	Agency Staff	6190	0	0	0
135	.40-.99	Other - Nonlabor	6190	0	0	0
135		Other Routine Services - Total	6190	\$ 0	\$ 0	\$ 0 (Sch 2)
		Other Nonreimbursable				
139		Residential Care				
139	.01-.19	Salaries and Wages	9100	\$ 0	\$ 0	\$ 0 (Sch 2)
139	.20-.39	Fringe Benefits	9100	0	0	0 (Sch 2)
139	.49	Agency Staff	9100	0	0	0 (Sch 2)
139	.40-.99	Other - Nonlabor	9100	0	0	0 (Sch 4)
139		Residential Care - Total	9100	\$ 0	\$ 0	\$ 0
140		Beauty and Barber				
140	.01-.19	Salaries and Wages	8900	\$ 0	\$ 0	\$ 0 (Sch 2)
140	.20-.39	Fringe Benefits	8900	0	0	0 (Sch 2)
140	.49	Agency Staff	8900	0	0	0 (Sch 2)
140	.40-.99	Other - Nonlabor	8900	0	0	0 (Sch 4)
140		Beauty and Barber - Total	8900	\$ 0	\$ 0	\$ 0
145		Other Nonreimbursable				
145	.01-.19	Salaries and Wages	9100	\$ 0	\$ 0	\$ 0 (Sch 2)
145	.20-.39	Fringe Benefits	9100	0	0	0 (Sch 2)
145	.49	Agency Staff	9100	0	0	0 (Sch 2)
145	.40-.99	Other - Nonlabor	9100	0	0	0 (Sch 4)
145		Other Nonreimbursable - Total	9100	\$ 0	\$ 0	\$ 0
146		Subtotal 105 - 145		\$ 1,876,800	\$ (138,750)	\$ 1,738,050
155		Social Services				
155	.01-.19	Salaries and Wages	6600	\$ 17,601	\$ 0	\$ 17,601 (Sch 2)
155	.20-.39	Fringe Benefits	6600	7,500	(746)	6,754 (Sch 2)
155	.49	Agency Staff	6600	0	0	0 (Sch 2)
155	.40-.99	Other - Nonlabor	6600	16	0	16 (Sch 4)
155		Social Services - Total	6600	\$ 25,117	\$ (746)	\$ 24,371

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
MERRIT MANOR CONVALESCENT HOSPITAL

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

Provider NPI:
1316011851

OSHPD Facility Number:
206540762

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	\$ 31,478	\$ 0	\$ 31,478	(Sch 2)
160	.20-.39	Fringe Benefits	6700	12,129	(1,334)	10,795	(Sch 2)
160	.49	Agency Staff	6700	0	0	0	(Sch 2)
160	.40-.99	Other - Nonlabor	6700	14,354	0	14,354	(Sch 4)
160		Activities - Total	6700	\$ 57,961	\$ (1,334)	\$ 56,627	
165		Administration					
165	.01-.19	Salaries and Wages	6900	\$ 209,360	\$ 0	\$ 209,360	(Sch 6)
165	.20-.39	Fringe Benefits	6900	24,685	(2,351)	22,334	(Sch 6)
165	.49	Agency Staff	6900	0	0	0	(Sch 6)
165	.40-.99	Other - Nonlabor	6900	579,196	46,156	625,352	(Sch 6)
165		Administration - Total	6900	\$ 813,241	\$ 43,805	\$ 857,046	
166		Medical Records					
166	.01-.19	Salaries and Wages	6900	\$ 38,597	\$ 0	\$ 38,597	(Sch 3)
166	.20-.39	Fringe Benefits	6900	17,108	(1,635)	15,473	(Sch 3)
166	.49	Agency Staff	6900	0	0	0	(Sch 3)
166	.40-.99	Other - Nonlabor	6900	8,416	0	8,416	(Sch 4)
166		Medical Records - Total	6900	\$ 64,121	\$ (1,635)	\$ 62,486	
167		CDPH Licensing Fees	6900	\$ 28,413	\$ 0	\$ 28,413	(Sch 6)
168		Professional Liability Insurance	6900	\$ 74,408	\$ (13,865)	\$ 60,543	(Sch 6)
169		Quality Assurance Fees	6900	\$ 239,975	\$ 0	\$ 239,975	(Sch 6)
170		Inservice Education - Nursing					
170	.01-.19	Salaries and Wages	6800	\$ 9,826	\$ 0	\$ 9,826	(Sch 3)
170	.20-.39	Fringe Benefits	6800	2,858	(416)	2,442	(Sch 3)
170	.49	Agency Staff	6800	0	0	0	(Sch 3)
170	.40-.99	Other - Nonlabor	6800	0	0	0	(Sch 4)
170		Inservice Education - Nursing - Total	6800	\$ 12,684	\$ (416)	\$ 12,268	
174		Caregiver Training					
174	.01-.19	Salaries and Wages	6900	\$ 0	\$ 0	\$ 0	(Sch 6)
174	.20-.39	Fringe Benefits	6900	0	0	0	(Sch 6)
174	.49	Agency Staff	6900	0	0	0	(Sch 6)
174	.40-.99	Other - Nonlabor	6900	0	0	0	(Sch 6)
174		Caregiver Training - Total	6900	\$ 0	\$ 0	\$ 0	
		Subtotal 155 - 174		\$ 1,315,920	\$ 25,809	\$ 1,341,729	
200		Total		\$ 4,406,462	\$ (122,072)	\$ 4,284,390	

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1316011851		13	
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>RECLASSIFICATIONS OF REPORTED COSTS</u>											
1	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor	\$198,929	(\$13,000)	\$185,929 *	
	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	579,196	13,000	592,196 *	
							To reclassify medical director fees to Administration cost center 42 CFR 483.75(i)(2), 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 52000(b)				
2	10.5	010	2	8A-1	010	2	Housekeeping - Fringe Benefits	\$42,503	(\$3,945)	\$38,558 *	
	10.5	060	2	8A-1	060	2	Laundry and Linen - Fringe Benefits	13,296	(1,108)	12,188 *	
	10.5	065	2	8A-1	065	2	Dietary - Fringe Benefits	49,923	(5,063)	44,860 *	
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	427,366	(41,705)	385,661 *	
	10.5	155	2	8A-1	155	2	Social Services - Fringe Benefits	7,500	(613)	6,887 *	
	10.5	160	2	8A-1	160	2	Activities - Fringe Benefits	12,129	(1,096)	11,033 *	
	10.5	165	2	8A-1	165	2	Administration - Fringe Benefits	24,685	(1,932)	22,753 *	
	10.5	166	2	8A-1	166	2	Medical Records - Fringe Benefits	17,108	(1,344)	15,764 *	
	10.5	170	2	8A-1	170	2	Inservice Education - Nursing - Fringe Benefits	2,858	(342)	2,516 *	
	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	* 592,196	57,148	649,344 *	
							To reclassify administrative expense to the proper cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2144.6, 2300 and 2304				
3	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	* \$649,344	(\$1,602)	\$647,742 *	
	10.5	035	4	8A-1	035	4	Leases and Rentals	0	1,602	1,602	
							To reclassify lease expenses from the using cost centers to the Leases and Rentals cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 52000(e) and 52501				

Provider Name							Fiscal Period	Provider NPI		Adjustments
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1316011851		13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	*	\$647,742	
4							To eliminate reported expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$20,016)
5							To reconcile medical director expense to the provider's records and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(1,000)
6							To eliminate fines and penalties expense not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300 and 2304			<u>(1,374)</u> (\$22,390)
										\$625,352
7	10.5	168	4	8A-1	168	4	Administration - Professional Liability Insurance To adjust liability insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$74,408	(\$13,865)
										\$60,543
8	10.5	055	4	8A-1	055	4	Interest - Other To include finance charges in the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$0	\$1,577
										\$1,577
9	10.5	105	4	8A-1	105	4	Skilled Nursing Care - Other - Nonlabor To eliminate utilization review expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$185,929	(\$75,000)
										\$110,929

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1316011851		13	
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>ADJUSTMENT TO REPORTED COSTS</u>											
10	10.5	010	2	8A-1	010	2	Housekeeping - Fringe Benefits	*	\$38,558	(\$856)	\$37,702
	10.5	060	2	8A-1	060	2	Laundry and Linen - Fringe Benefits	*	12,188	(240)	11,948
	10.5	065	2	8A-1	065	2	Dietary - Fringe Benefits	*	44,860	(1,098)	43,762
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	*	385,661	(9,045)	376,616
	10.5	155	2	8A-1	155	2	Social Services - Fringe Benefits	*	6,887	(133)	6,754
	10.5	160	2	8A-1	160	2	Activities - Fringe Benefits	*	11,033	(238)	10,795
	10.5	165	2	8A-1	165	2	Administration - Fringe Benefits	*	22,753	(419)	22,334
	10.5	166	2	8A-1	166	2	Medical Records - Fringe Benefits	*	15,764	(291)	15,473
	10.5	170	2	8A-1	170	2	Inservice Education - Nursing - Fringe Benefits	*	2,516	(74)	2,442
							To adjust self-insured worker's compensation costs to agree with the allowable amount. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304				

Provider Name							Fiscal Period		Provider NPI		Adjustments
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1316011851		13
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>ADJUSTMENT TO REPORTED STATISTICS</u>											
11	10.7	010	2	7	010	N/A	Housekeeping (Square Feet)	0	108	108	
	10.7	060	2,3	7	060	N/A	Laundry and Linen	0	263	263	
	10.7	065	2,3	7	065	N/A	Dietary	0	2,532	2,532	
	10.7	075	2,3	7	075	N/A	Patient Supplies	0	290	290	
	10.7	080	2,3	7	080	N/A	Physical Therapy	0	288	288	
	10.7	085	2,3	7	085	N/A	Pharmacy	0	40	40	
	10.7	105	2,3	7	105	N/A	Skilled Nursing Care	0	11,151	11,151	
	10.7	140	2,3	7	140	N/A	Beauty and Barber	0	135	135	
	10.7	155	2,3	7	155	N/A	Social Services	0	144	144	
	10.7	160	2,3	7	160	N/A	Activities	0	150	150	
	10.7	165	2,3	7	165	N/A	Administration	0	769	769	
	10.7	166	2,3	7	166	N/A	Medical Records	0	288	288	
	10.7	170	2,3	7	170	N/A	Inservice Education - Nursing	0	288	288	
	10.7	175	2	7	N/A	N/A	Total Statistics - Plant Operations	0	16,446	16,446	
	10.7	175	3	7	N/A	N/A	Total Statistics - Housekeeping	0	16,338	16,338	
To adjust square footage statistics to agree with prior year audited statistics for proper allocation of cost. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2306											

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010			1316011851		13
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u>												
12	4.1	5	2	1	15	N/A	Medi-Cal Days		15,658	(247)	15,411	
							To adjust Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2010 through December 31, 2010 Payment Period: January 1, 2010 through September 30, 2011 Report Date: October 21, 2011 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 51541					

Provider Name							Fiscal Period			Provider NPI		Adjustments
MERRITT MANOR CONVALESCENT HOSPITAL							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010			1316011851		13
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>ADJUSTMENT TO OTHER MATTERS</u>												
13	N/A			1	14	N/A	Medi-Cal Overpayment To recover outstanding Medi-Cal credit balances. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 50761 and 51458.1	\$0	\$5,639	\$5,639		