REPORT
ON THE
RATE SETTING AUDIT

TWO PALMS NURSING CENTER, INC.
PASADENA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1578633228

FISCAL PERIOD ENDED
DECEMBER 31, 2010

Audits Section - Burbank
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: Miriam Dau

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

March 23, 2012

Marthann Demchuk, Administrator
Two Palms Nursing Center, Inc.
2637 East Washington Boulevard
Pasadena, California 91107

TWO PALMS NURSING CENTER, INC.
NATIONAL PROVIDER IDENTIFIER (NPI) 1578633228
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. 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 and patient days 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 $4,484, which resulted from Medi-Cal overpayments

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

Financial Audits/Burbank/A & I, MS 2101, 1405 North San Fernando Boulevard, Room 203, Burbank, CA 91504
Telephone (818) 295-2620 FAX: (818) 563-3324
Internet Address: www.dhcs.ca.gov

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.
If you have questions regarding this report, you may call the Audits Section—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

STATE OF CALIFORNIA

SCHEDULE 1

SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility No.:
206190501

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	$ 951,022	$ 66.58
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	$ N/A	$ 335,168	$ 23.46
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	$ N/A	$ 370,502	$ 25.94
4	Cost of Capital Related (Sch. 5, Ln. 105)	$ N/A	$ 149,861	$ 10.49
5	Property Taxes (Sch. 5, Ln. 105)	$ N/A	$ 15,097	$ 1.06
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	$ N/A	$ 13,409	$ 0.94
7	Professional Liability Insurance (Sch. 6, Ln. 105)	$ N/A	$ 55,473	$ 3.88
8	Caregiver Training (Sch. 6, Ln. 105)	$ N/A	$ 0	$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	$ N/A	$ 159,715	$ 11.18
10	Cost of Administration (Sch. 6, Ln. 105)	$ N/A	$ 269,938	$ 18.90
11	Cost of Routine Service/Audited Total Costs	$ 2,361,781	$ 2,320,185	$ 162.43
12	Total Patient Days (Adj)	14,284	14,284	
13	Cost Per Patient Day (Cost Divided by Days)	$ 165.34	$ 162.43	
14	Overpayments (Adj 5)	$ 0	$ 4,484	
15	Medi-Cal Days (Adj 4)	12,593	12,600	
16	Medi-Cal Managed Care Days (Adj)		0	
	INTERMEDIATE CARE			
17	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	$ 0	$ 0	
18	Total Patient Days (Adj)	0	0	
19	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
20	Overpayments (Adj)	$ 0	$ 0	
	MENTALLY DISORDERED CARE			
21	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	$ 0	$ 0	
22	Total Patient Days (Adj)	0	0	
23	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
24	Overpayments (Adj)	$ 0	$ 0	
	DEVELOPMENTALLY DISABLED CARE			
25	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	$ 0	$ 0	
26	Total Patient Days (Adj)	0	0	
27	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
28	Overpayments (Adj)	$ 0	$ 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:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility No.:
206190501

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	$ 0	
50	Total Patient Days (Adj)	0	0	
51	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
52	Overpayments (Adj)	$ 0	$ 0	
	HOSPICE INPATIENT CARE			
53	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	$ 0	$ 0	
54	Total Patient Days (Adj)	0	0	
55	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
56	Overpayments (Adj)	$ 0	$ 0	
	OTHER ROUTINE SERVICES			
57	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	$ 0	$ 0	
58	Total Patient Days (Adj)	0	0	
59	Cost Per Patient Day (Cost Divided by Days)	$ 0.00	$ 0.00	
60	Overpayments (Adj)	$ 0	$ 0	

ALLOCATION OF GENERAL SERVICES
DIRECT CARE LABOR

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility No.:
206190501

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Srvs 155	Activities 160	Total	
	GENERAL SERVICES					
005	Plant Operations and Maintenance					
010	Housekeeping					
060	Laundry and Linen					
065	Dietary					
155	Social Services	$ 11,632	$ 11,632			
160	Activities	66,220		$ 66,220		
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	0	0	0	0	
081	Respiratory Therapy	0	0	0	0	
082	Occupational Therapy	0	0	0	0	
083	Speech Pathology	0	0	0	0	
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	873,170	11,632	66,220	951,022	*
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	$ 951,022	$ 11,632	$ 66,220	$ 951,022	

* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES
INDIRECT CARE LABOR

Provider Name: TWO PALMS NURSING CENTER, INC.
Provider NPI: 1578633228
OSHPD Facility Number: 206190501
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 Srvs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total	
	GENERAL SERVICES													
005	Plant Operations and Maintenance	$ 58,301	$ 58,301											
010	Housekeeping	50,688	-	$ 50,688										
060	Laundry and Linen	34,986	2,700	2,347	$ 40,033									
065	Dietary	144,304	5,628	4,893	0	$ 154,824								
155	Social Services	N/A	3,966	3,448	0	0	$ 7,415							
160	Activities	N/A	0	0	0	0	0	$ -						
165	Administration	N/A	3,603	3,132	0	0	0	0		$ 6,735	$ 6,735			
166	Medical Records	43,450	0	0	0	0	0	0		43,450		$ 43,450		
170	Inservice Education - Nursing	7,993	0	0	0	0	0	0	$ 7,993					
	ANCILLARY SERVICES													
075	Patient Supplies		675	587	0	0	0	0	0	1,262	96	619	$ 1,977	
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	0	0	0	
080	Physical Therapy		0	0	0	0	0	0	0	0	113	730	844	
081	Respiratory Therapy		0	0	0	0	0	0	0	0	0	1	2	
082	Occupational Therapy		0	0	0	0	0	0	0	0	104	672	776	
083	Speech Pathology		0	0	0	0	0	0	0	0	19	123	143	
085	Pharmacy		0	0	0	0	0	0	0	0	80	518	598	
090	Laboratory		0	0	0	0	0	0	0	0	8	54	63	
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	13	86	100	
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		41,730	36,281	40,033	154,824	7,415	0	7,993	288,275	6,294	40,600	335,168	*
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	0	0	0	0	0	0	0	7	45	52	
145	Other Nonreimbursable		0	0	0	0	0	0	0	0	0	0	0	
	TOTAL	$ 339,722	$ 58,301	$ 50,688	$ 40,033	$ 154,824	$ 7,415	$ -	$ 7,993	$ 289,537	$ 6,735	$ 43,450	$ 339,722	

* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES
OTHER - NONLABOR

Provider Name: TWO PALMS NURSING CENTER, INC.
Provider NPI: 1578633228
OSHPD Facility Number: 206190501
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 Srvs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total	
	GENERAL SERVICES													
005	Plant Operations and Maintenance	$ 172,876	$ 172,876											
010	Housekeeping	22,309	0	$ 22,309										
060	Laundry and Linen	26,042	8,005	1,033	$ 35,080									
065	Dietary	109,582	16,687	2,153	0	$ 128,423								
155	Social Services	0	11,761	1,518	0	0	$ 13,279							
160	Activities	7,477	0	0	0	0	0	$ 7,477						
165	Administration	N/A	10,684	1,379	0	0	0	0		$ 12,062	$ 12,062			
166	Medical Records	3,278	0	0	0	0	0	0		3,278		$ 3,278		
170	Inservice Education - Nursing	0	0	0	0	0	0	0	$ -					
	ANCILLARY SERVICES													
075	Patient Supplies	21,245	2,001	258	0	0	0	0	0	23,504	172	47	$ 23,723	
077	Specialized Support Surfaces	0	0	0	0	0	0	0	0	0	0	0	0	
080	Physical Therapy	31,492	0	0	0	0	0	0	0	31,492	203	55	31,750	
081	Respiratory Therapy	62	0	0	0	0	0	0	0	62	0	0	63	
082	Occupational Therapy	28,967	0	0	0	0	0	0	0	28,967	186	51	29,204	
083	Speech Pathology	5,324	0	0	0	0	0	0	0	5,324	34	9	5,368	
085	Pharmacy	22,328	0	0	0	0	0	0	0	22,328	144	39	22,511	
090	Laboratory	2,342	0	0	0	0	0	0	0	2,342	15	4	2,361	
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0	
100	Other Ancillary Services	3,726	0	0	0	0	0	0	0	3,726	24	7	3,757	
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	32,204	123,738	15,968	35,080	128,423	13,279	7,477	0	356,168	11,271	3,063	370,502	*
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	1,952	0	0	0	0	0	0	0	1,952	13	3	1,968	
145	Other Nonreimbursable	0	0	0	0	0	0	0	0	0	0	0	0	
	TOTAL	$ 491,206	$ 172,876	$ 22,309	$ 35,080	$ 128,423	$ 13,279	$ 7,477	$ -	$ 475,866	$ 12,062	$ 3,278	$ 491,206	

* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Capital Various	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Srvs 155	Activities 160
	GENERAL SERVICES									
	Capital Related (excluding lines 40 & 45)	$ 152,240	91%							
	Property Tax (line 40)	15,337	9%	$ 167,577						
005	Plant Operations and Maintenance			3,506	$ 3,506					
010	Housekeeping			0	0	$ -				
060	Laundry and Linen			7,597	162	0	$ 7,760			
065	Dietary			15,837	338	0	0	$ 16,176		
155	Social Services			11,162	239	0	0	0	$ 11,401	
160	Activities			0	0	0	0	0	0	$ -
165	Administration			10,139	217	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			1,899	41	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			117,435	2,510	0	7,760	16,176	11,401	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	$ 167,577	100%	$ 167,577	$ 3,506	$ -	$ 7,760	$ 16,176	$ 11,401	$ -

* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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 91% Of Total	Property Tax 9% Of Total	
	GENERAL SERVICES										
	Capital Related (excluding lines 40 & 45)	$ 152,240	91%								
	Property Tax (line 40)	15,337	9%								
005	Plant Operations and Maintenance										
010	Housekeeping										
060	Laundry and Linen										
065	Dietary										
155	Social Services										
160	Activities										
165	Administration				$ 10,356	$ 10,356					
166	Medical Records				0		$ -				
170	Inservice Education - Nursing			$ -							
	ANCILLARY SERVICES										
075	Patient Supplies			0	1,940	148	0	$ 2,088	$ 1,896	$ 191	
077	Specialized Support Surfaces			0	0	0	0	0	0	0	
080	Physical Therapy			0	0	174	0	174	158	16	
081	Respiratory Therapy			0	0	0	0	0	0	0	
082	Occupational Therapy			0	0	160	0	160	145	15	
083	Speech Pathology			0	0	29	0	29	27	3	
085	Pharmacy			0	0	123	0	123	112	11	
090	Laboratory			0	0	13	0	13	12	1	
095	Home Health Services			0	0	0	0	0	0	0	
100	Other Ancillary Services			0	0	21	0	21	19	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			0	155,281	9,677	0	164,958	149,861	15,097	*
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	11	0	11	10	1	
145	Other Nonreimbursable			0	0	0	0	0	0	0	
	TOTAL	$ 167,577	100%	$ -	$ 157,221	$ 10,356	$ -	$ 167,577	$ 152,240	$ 15,337	

* (To Schedule 1)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name: TWO PALMS NURSING CENTER, INC.
Provider NPI: 1578633228
OSHPD Facility Number: 206190501
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. 54% of Total	CDPH Licensing Fees 3% of Total	Professional Liability Ins. 11% of Total	Quality Assur. Fees 32% of Total	Caregiver Training 0% of Total
	GENERAL SERVICES													
045	Property Insurance	$ 10,853												
055	Interest - Other	0												
165	Administration (Salaries & Wages, Fringe Benefits,													
	Agency Staff and Other - Nonlabor)	278,034												
	Total Costs Allocable as Administration	288,887	54%											
167	CDPH Licensing Fees	14,350	3%											
168	Professional Liability Insurance	59,367	11%											
169	Quality Assurance Fees	170,927	32%											
174	Caregiver Training	0	0%											
	Total	533,531	100%						$ 533,531					
	ANCILLARY SERVICES													
075	Patient Supplies			$ -	$ 1,262	$ 23,504	$ 1,940	$ 26,706	7,605	$ 4,118	$ 205	$ 846	$ 2,436	$ -
077	Specialized Support Surfaces			0	0	0	0	0	0	0	0	0	0	0
080	Physical Therapy			0	0	31,492	0	31,492	8,968	4,856	241	998	2,873	0
081	Respiratory Therapy			0	0	62	0	62	18	10	0	2	6	0
082	Occupational Therapy			0	0	28,967	0	28,967	8,249	4,466	222	918	2,643	0
083	Speech Pathology			0	0	5,324	0	5,324	1,516	821	41	169	486	0
085	Pharmacy			0	0	22,328	0	22,328	6,358	3,443	171	707	2,037	0
090	Laboratory			0	0	2,342	0	2,342	667	361	18	74	214	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	3,726	0	3,726	1,061	574	29	118	340	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			951,022	288,275	356,168	155,281	1,750,746	498,535	269,938	13,409	55,473	159,715	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	0	1,952	0	1,952	556	301	15	62	178	0
145	Other Nonreimbursable			0	0	0	0	0	0	0	0	0	0	0
	SUBTOTAL	$ 533,531		$ 951,022	$ 289,537	$ 475,866	$ 157,221	$ 1,873,645	$ 533,531					
	Total Administrative Costs							$ 533,531		$ 288,887	$ 14,350	$ 59,367	$ 170,927	$ -
	Unit Cost Multiplier							0.28475559						
	Accumulated Administration Costs (Sch 2 thru 5)				$ 50,185	$ 15,340	$ 10,356	$ 75,882						
	TOTAL FACILITY COSTS							$ 2,483,058						

* (To Schedule 1)

STATISTICS FOR COST ALLOCATION

Provider Name: TWO PALMS NURSING CENTER, INC.
Provider NPI: 1578633228
OSHPD Facility Number: 206190501
Fiscal Period: JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS	Plant Ops (SQ FT) 5	Hskpng (SQ FT) 10	Laundry (LBS) 60	Dietary (MEALS) 65	Soc Srvs (DIRECT EXP) 155	Activities (DIRECT EXP) 160	Inserv. Ed (DIRECT EXP) 170	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL (ACCUM COST)
		(Adj)	(Adj)	(Adj)	(Adj 3)	(Adj 3)	(Adj)	(Adj)	(Adj)		
	GENERAL SERVICES										
005	Plant Operations and Maintenance	120									
010	Housekeeping										
060	Laundry and Linen	260	260	260							
065	Dietary	542	542	542							
155	Social Services	382	382	382							
160	Activities										
165	Administration	347	347	347							
166	Medical Records										
170	Inservice Education - Nursing										
	ANCILLARY SERVICES										
075	Patient Supplies	65	65	65						26,706	26,706
077	Specialized Support Surfaces									0	0
080	Physical Therapy									31,492	31,492
081	Respiratory Therapy									62	62
082	Occupational Therapy									28,967	28,967
083	Speech Pathology									5,324	5,324
085	Pharmacy									22,328	22,328
090	Laboratory									2,342	2,342
095	Home Health Services									0	0
100	Other Ancillary Services									3,726	3,726
101	Subacute Care Ancillary Services									0	0
102	Subacute Care - Pediatric Ancillary Services									0	0
	ROUTINE SERVICES										
105	Skilled Nursing Care	4,019	4,019	4,019	53,052	41,994	905,374	905,374	905,374	1,750,746	1,750,746
110	Intermediate Care						0	0	0	0	0
115	Mentally Disordered Care						0	0	0	0	0
120	Developmentally Disabled Care						0	0	0	0	0
125	Subacute Care						0	0	0	0	0
126	Subacute Care - Pediatric						0	0	0	0	0
128	Transitional Inpatient Care						0	0	0	0	0
130	Hospice Inpatient Care						0	0	0	0	0
135	Other Routine Services						0	0	0	0	0
	NONREIMBURSABLE										
139	Residential Care									0	0
140	Beauty and Barber									1,952	1,952
145	Other Nonreimbursable									0	0
	TOTAL STATISTICS	5,735	5,615	5,615	53,052	41,994	905,374	905,374	905,374	1,873,645	1,873,645
	TOTAL DIRECT SALARIES COSTS - SCH. 2						$ 11,632	$ 66,220			
	UNIT COST MULTIPLIER (DIRECT SALARIES)						0.012847729	0.073141044			
	TOTAL INDIRECT SALARIES COSTS - SCH. 3		$ 58,301	$ 50,688	$ 40,033	$ 154,824	$ 7,415	$ -	$ 7,993	$ 6,735	$ 43,450
	UNIT COST MULTIPLIER (INDIRECT SALARIES)		10.38308103	9.02724844	0.75459334	3.68682189	0.00818971	0.00000000	0.00882840	0.00359480	0.02319009
	TOTAL INDIRECT OTHER COSTS - SCH. 4		$ 172,876	$ 22,309	$ 35,080	$ 128,423	$ 13,279	$ 7,477	$ -	$ 12,062	$ 3,278
	UNIT COST MULTIPLIER (INDIRECT OTHER)		30.78824577	3.97310775	0.66123712	3.05811910	0.01466669	0.00825847	0.00000000	0.00643782	0.00174953
	TOTAL CAPITAL COSTS - SCH. 5	$ 167,577	$ 3,506	$ -	$ 7,760	$ 16,176	$ 11,401	$ -	$ -	$ 10,356	$ -
	UNIT COST MULTIPLIER (CAPITAL COSTS)	29.22005231	0.62447129	0.00000000	0.14626359	0.38519150	0.01259215	0.00000000	0.00000000	0.00552722	0.00000000

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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	$ 45,475	$ 0	$ 45,475	(Sch 3)
005	.20-.39	Fringe Benefits	6200	12,826	0	12,826	(Sch 3)
005	.79	Agency Staff	6200	0	0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	172,876	0	172,876	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	$ 231,177	$ 0	$ 231,177	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	$ 38,810	$ 0	$ 38,810	(Sch 3)
010	.20-.39	Fringe Benefits	6300	11,878	0	11,878	(Sch 3)
010	.79	Agency Staff	6300	0	0	0	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	22,309	0	22,309	(Sch 4)
010		Housekeeping - Total	6300	$ 72,997	$ 0	$ 72,997	
015		Depreciation: Buildings and Improvements	7110 - 7120	$ 0	$ 0	$ 0	(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	149,550	2,690	152,240	(Sch 5)
040		Property Taxes	7300	15,337	0	15,337	(Sch 5)
045		Property Insurance	7400	10,853	0	10,853	(Sch 6)
050		Interest - Property, Plant, and Equipment	7500	0	0	0	(Sch 5)
055		Interest - Other	7600	$ 0	$ 0	$ 0	(Sch 6)
057		**Subtotal 005 - 055**		$ 479,914	$ 2,690	$ 482,604	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	$ 26,864	$ 0	$ 26,864	(Sch 3)
060	.20-.39	Fringe Benefits	6400	8,122	0	8,122	(Sch 3)
060	.79	Agency Staff	6400	0	0	0	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	26,042	0	26,042	(Sch 4)
060		Laundry and Linen - Total	6400	$ 61,028	$ 0	$ 61,028	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	$ 110,859	$ 0	$ 110,859	(Sch 3)
065	.20-.39	Fringe Benefits	6500	33,445	0	33,445	(Sch 3)
065	.79	Agency Staff	6500	0	0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	109,582	0	109,582	(Sch 4)
065		Dietary - Total	6500	$ 253,886	$ 0	$ 253,886	
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	21,245	0	21,245	(Sch 4)
075		Patient Supplies - Total	8100	$ 21,245	$ 0	$ 21,245	
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:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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	0	0	0	(Sch 2)
080	.40-.99	Other - Nonlabor	8200	31,492	0	31,492	(Sch 4)
080		Physical Therapy - Total	8200	$ 31,492	$ 0	$ 31,492	
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	62	0	62	(Sch 4)
081		Respiratory Therapy - Total	8220	$ 62	$ 0	$ 62	
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	0	0	0	(Sch 2)
082	.40-.99	Other - Nonlabor	8250	28,967	0	28,967	(Sch 4)
082		Occupational Therapy - Total	8250	$ 28,967	$ 0	$ 28,967	
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	0	0	0	(Sch 2)
083	.40-.99	Other - Nonlabor	8280	5,324	0	5,324	(Sch 4)
083		Speech Pathology - Total	8280	$ 5,324	$ 0	$ 5,324	
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	22,328	0	22,328	(Sch 4)
085		Pharmacy - Total	8300	$ 22,328	$ 0	$ 22,328	
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	2,342	0	2,342	(Sch 4)
090		Laboratory - Total	8400	$ 2,342	$ 0	$ 2,342	
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	3,726	0	3,726	(Sch 4)
100		Other Ancillary Services - Total	8900	$ 3,726	$ 0	$ 3,726	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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		$ 115,486	$ 0	$ 115,486	
		Routine Services					
105		Skilled Nursing Care					
105	.01-.19	Salaries and Wages	6110	$ 673,076	$ 0	$ 673,076	(Sch 2)
105	.20-.39	Fringe Benefits	6110	200,094	0	200,094	(Sch 2)
105	.49	Agency Staff	6110	0	0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110	32,404	(200)	32,204	(Sch 4)
105		Skilled Nursing Care - Total	6110	$ 905,574	$ (200)	$ 905,374	
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)

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
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:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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	1,952	0	1,952	(Sch 4)
140		Beauty and Barber - Total	8900	$ 1,952	$ 0	$ 1,952	
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**		$ 907,526	$ (200)	$ 907,326	
155		Social Services					
155	.01-.19	Salaries and Wages	6600	$ 8,320	$ 0	$ 8,320	(Sch 2)
155	.20-.39	Fringe Benefits	6600	3,312	0	3,312	(Sch 2)
155	.49	Agency Staff	6600	0	0	0	(Sch 2)
155	.40-.99	Other - Nonlabor	6600	0	0	0	(Sch 4)
155		Social Services - Total	6600	$ 11,632	$ 0	$ 11,632	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

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	$ 51,150	$ 0	$ 51,150	(Sch 2)
160	.20-.39	Fringe Benefits	6700	15,070	0	15,070	(Sch 2)
160	.49	Agency Staff	6700	0	0	0	(Sch 2)
160	.40-.99	Other - Nonlabor	6700	7,477	0	7,477	(Sch 4)
160		Activities - Total	6700	$ 73,697	$ 0	$ 73,697	
165		Administration					
165	.01-.19	Salaries and Wages	6900	$ 158,400	$ (38,326)	$ 120,074	(Sch 6)
165	.20-.39	Fringe Benefits	6900	44,501	(5,790)	38,711	(Sch 6)
165	.49	Agency Staff	6900	0	0	0	(Sch 6)
165	.40-.99	Other - Nonlabor	6900	121,739	(2,490)	119,249	(Sch 6)
165		Administration - Total	6900	$ 324,640	$ (46,606)	$ 278,034	
166		Medical Records					
166	.01-.19	Salaries and Wages	6900	$ 33,920	$ 0	$ 33,920	(Sch 3)
166	.20-.39	Fringe Benefits	6900	9,530	0	9,530	(Sch 3)
166	.49	Agency Staff	6900	0	0	0	(Sch 3)
166	.40-.99	Other - Nonlabor	6900	3,278	0	3,278	(Sch 4)
166		Medical Records - Total	6900	$ 46,728	$ 0	$ 46,728	
167		CDPH Licensing Fees	6900	$ 14,350	$ 0	$ 14,350	(Sch 6)
168		Professional Liability Insurance	6900	$ 59,367	$ 0	$ 59,367	(Sch 6)
169		Quality Assurance Fees	6900	$ 170,927	$ 0	$ 170,927	(Sch 6)
170		Inservice Education - Nursing					
170	.01-.19	Salaries and Wages	6800	$ 6,240	$ 0	$ 6,240	(Sch 3)
170	.20-.39	Fringe Benefits	6800	1,753	0	1,753	(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	$ 7,993	$ 0	$ 7,993	
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		$ 709,334	$ (46,606)	$ 662,728	
200		**Total**		**$ 2,527,174**	**$ (44,116)**	**$ 2,483,058**	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:
TWO PALMS NURSING CENTER, INC.

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

Provider NPI:
1578633228

OSHPD Facility Number:
206190501

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED

Provider Name: TWO PALMS NURSING CENTER, INC.

Provider NPI: 1578633228

OSHPD Facility Number: 206190501

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

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1	AUDIT ADJ 2	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
005	1	Plant Operations and Maintenance - Salaries and Wages	0								
005	2	Plant Operations and Maintenance - Fringe Benefits	0								
005	3	Plant Operations and Maintenance - Agency Staff	0								
005	4	Plant Operations and Maintenance - Other - Nonlabor	0								
010	1	Housekeeping - Salaries and Wages	0								
010	2	Housekeeping - Fringe Benefits	0								
010	3	Housekeeping - Agency Staff	0								
010	4	Housekeeping - Other - Nonlabor	0								
015	4	Depreciation: Buildings and Improvements	0								
020	4	Depreciation: Leasehold Improvements	0								
025	4	Depreciation: Equipment	0								
030	4	Depreciation and Amortization - Other	0								
035	4	Leases and Rentals	2,690	2,690							
040	4	Property Taxes	0								
045	4	Property Insurance	0								
050	4	Interest - Property, Plant, and Equipment	0								
055	4	Interest - Other	0								
060	1	Laundry and Linen - Salaries and Wages	0								
060	2	Laundry and Linen - Fringe Benefits	0								
060	3	Laundry and Linen - Agency Staff	0								
060	4	Laundry and Linen - Other - Nonlabor	0								
065	1	Dietary - Salaries and Wages	0								
065	2	Dietary - Fringe Benefits	0								
065	3	Dietary - Agency Staff	0								
065	4	Dietary - Other - Nonlabor	0								
070	4	Provision for Bad Debts	0								
075	1	Patient Supplies - Salaries and Wages	0								
075	2	Patient Supplies - Fringe Benefits	0								
075	3	Patient Supplies - Agency Staff	0								
075	4	Patient Supplies - Other - Nonlabor	0								
077	1	Specialized Support Surfaces - Salaries and Wages	0								
077	2	Specialized Support Surfaces - Fringe Benefits	0								
077	3	Specialized Support Surfaces - Agency Staff	0								
077	4	Specialized Support Surfaces - Other - Nonlabor	0								
080	1	Physical Therapy - Salaries and Wages	0								
080	2	Physical Therapy - Fringe Benefits	0								
080	3	Physical Therapy - Agency Staff	0								
080	4	Physical Therapy - Other - Nonlabor	0								
081	1	Respiratory Therapy - Salaries and Wages	0								
081	2	Respiratory Therapy - Fringe Benefits	0								
081	3	Respiratory Therapy - Agency Staff	0								
081	4	Respiratory Therapy - Other - Nonlabor	0								
082	1	Occupational Therapy - Salaries and Wages	0								
082	2	Occupational Therapy - Fringe Benefits	0								
082	3	Occupational Therapy - Agency Staff	0								
082	4	Occupational Therapy - Other - Nonlabor	0								

Provider Name: TWO PALMS NURSING CENTER, INC.

Provider NPI: 1578633228

OSHPD Facility Number: 206190501

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

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1	AUDIT ADJ 2	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
083	1	Speech Pathology - Salaries and Wages	0								
083	2	Speech Pathology - Fringe Benefits	0								
083	3	Speech Pathology - Agency Staff	0								
083	4	Speech Pathology - Other - Nonlabor	0								
085	1	Pharmacy - Salaries and Wages	0								
085	2	Pharmacy - Fringe Benefits	0								
085	3	Pharmacy - Agency Staff	0								
085	4	Pharmacy - Other - Nonlabor	0								
090	1	Laboratory - Salaries and Wages	0								
090	2	Laboratory - Fringe Benefits	0								
090	3	Laboratory - Agency Staff	0								
090	4	Laboratory - Other - Nonlabor	0								
095	1	Home Health Services - Salaries and Wages	0								
095	2	Home Health Services - Fringe Benefits	0								
095	3	Home Health Services - Agency Staff	0								
095	4	Home Health Services - Other - Nonlabor	0								
100	1	Other Ancillary Services - Salaries and Wages	0								
100	2	Other Ancillary Services - Fringe Benefits	0								
100	3	Other Ancillary Services - Agency Staff	0								
100	4	Other Ancillary Services - Other - Nonlabor	0								
101	1	Subacute Care Ancillary Services - Salaries and Wages	0								
101	2	Subacute Care Ancillary Services - Fringe Benefits	0								
101	3	Subacute Care Ancillary Services - Agency Staff	0								
101	4	Subacute Care Ancillary Services - Other - Nonlabor	0								
102	1	Subacute Pediatric Ancillary Services - Salaries and Wages	0								
102	2	Subacute Pediatric Ancillary Services - Fringe Benefits	0								
102	3	Subacute Pediatric Ancillary Services - Agency Staff	0								
102	4	Subacute Pediatric Ancillary Services - Other - Nonlabor	0								
105	1	Skilled Nursing Care - Salaries and Wages	0								
105	2	Skilled Nursing Care - Fringe Benefits	0								
105	3	Skilled Nursing Care - Agency Staff	0								
105	4	Skilled Nursing Care - Other - Nonlabor	(200)	(200)							
110	1	Intermediate Care - Salaries and Wages	0								
110	2	Intermediate Care - Fringe Benefits	0								
110	3	Intermediate Care - Agency Staff	0								
110	4	Intermediate Care - Other - Nonlabor	0								
115	1	Mentally Disordered Care - Salaries and Wages	0								
115	2	Mentally Disordered Care - Fringe Benefits	0								
115	3	Mentally Disordered Care - Agency Staff	0								
115	4	Mentally Disordered Care - Other - Nonlabor	0								
120	1	Developmentally Disabled Care - Salaries and Wages	0								
120	2	Developmentally Disabled Care - Fringe Benefits	0								
120	3	Developmentally Disabled Care - Agency Staff	0								
120	4	Developmentally Disabled Care - Other - Nonlabor	0								
125	1	Subacute Care - Salaries and Wages	0								
125	2	Subacute Care - Fringe Benefits	0								

Provider Name: TWO PALMS NURSING CENTER, INC.

Provider NPI: 1578633228

OSHPD Facility Number: 206190501

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

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1	AUDIT ADJ 2	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
125	3	Subacute Care - Agency Staff	0								
125	4	Subacute Care - Other - Nonlabor	0								
126	1	Subacute Care - Pediatric - Salaries and Wages	0								
126	2	Subacute Care - Pediatric - Fringe Benefits	0								
126	3	Subacute Care - Pediatric - Agency Staff	0								
126	4	Subacute Care - Pediatric - Other - Nonlabor	0								
128	1	Transitional Inpatient Care - Salaries and Wages	0								
128	2	Transitional Inpatient Care - Fringe Benefits	0								
128	3	Transitional Inpatient Care - Agency Staff	0								
128	4	Transitional Inpatient Care - Other - Nonlabor	0								
130	1	Hospice Inpatient Care - Salaries and Wages	0								
130	2	Hospice Inpatient Care - Fringe Benefits	0								
130	3	Hospice Inpatient Care - Agency Staff	0								
130	4	Hospice Inpatient Care - Other - Nonlabor	0								
135	1	Other Routine Services - Salaries and Wages	0								
135	2	Other Routine Services - Fringe Benefits	0								
135	3	Other Routine Services - Agency Staff	0								
135	4	Other Routine Services - Other - Nonlabor	0								
139	1	Residential Care - Salaries and Wages	0								
139	2	Residential Care - Fringe Benefits	0								
139	3	Residential Care - Agency Staff	0								
139	4	Residential Care - Other - Nonlabor	0								
140	1	Beauty and Barber - Salaries and Wages	0								
140	2	Beauty and Barber - Fringe Benefits	0								
140	3	Beauty and Barber - Agency Staff	0								
140	4	Beauty and Barber - Other - Nonlabor	0								
145	1	Other Nonreimbursable - Salaries and Wages	0								
145	2	Other Nonreimbursable - Fringe Benefits	0								
145	3	Other Nonreimbursable - Agency Staff	0								
145	4	Other Nonreimbursable - Other - Nonlabor	0								
155	1	Social Services - Salaries and Wages	0								
155	2	Social Services - Fringe Benefits	0								
155	3	Social Services - Agency Staff	0								
155	4	Social Services - Other - Nonlabor	0								
160	1	Activities - Salaries and Wages	0								
160	2	Activities - Fringe Benefits	0								
160	3	Activities - Agency Staff	0								
160	4	Activities - Other - Nonlabor	0								
165	1	Administration - Salaries and Wages	(38,326)		(38,326)						
165	2	Administration - Fringe Benefits	(5,790)		(5,790)						
165	3	Administration - Agency Staff	0								
165	4	Administration - Other - Nonlabor	(2,490)	(2,490)							
166	1	Medical Records - Salaries and Wages	0								
166	2	Medical Records - Fringe Benefits	0								
166	3	Medical Records - Agency Staff	0								
166	4	Medical Records - Other - Nonlabor	0								

Provider Name: TWO PALMS NURSING CENTER, INC.

Provider NPI: 1578633228

OSHPD Facility Number: 206190501

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

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1	AUDIT ADJ 2	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
167	4	CDPH Licensing Fees	0								
168	4	Professional Liability Insurance	0								
169	4	Quality Assurance Fees	0								
170	1	Inservice Education - Nursing - Salaries and Wages	0								
170	2	Inservice Education - Nursing - Fringe Benefits	0								
170	3	Inservice Education - Nursing - Agency Staff	0								
170	4	Inservice Education - Nursing - Other - Nonlabor	0								
174	1	Caregiver Training - Salaries and Wages	0								
174	2	Caregiver Training - Fringe Benefits	0								
174	3	Caregiver Training - Agency Staff	0								
174	4	Caregiver Training - Other - Nonlabor	0								
200		Total	($44,116)	0	(44,116)	0	0	0	0	0	0
			(To Sch 8)								

Provider Name	Fiscal Period	Provider NPI	Adjustments
TWO PALMS NURSING CENTER, INC.	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1578633228	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							RECLASSIFICATION OF REPORTED COSTS			
1	10.5	035	4	8A-2	035	4	Leases and Rentals	$149,550	$2,690	$152,240
	10.5	105	4	8A-2	105	4	Skilled Nursing Care - Other - Nonlabor	32,404	(200)	32,204
	10.5	165	4	8A-2	165	4	Administration - Other - Nonlabor	121,739	(2,490)	119,249
							To reclassify equipment rental expense to the appropriate cost center.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
							OSHPD LTC Manual, Section 3220.3			

Provider Name	Fiscal Period	Provider NPI	Adjustments
TWO PALMS NURSING CENTER, INC.	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1578633228	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED COSTS			
2	10.5	165	1	8A-2	165	1	Administration - Salaries and Wages	$158,400	($38,326)	$120,074
	10.5	165	2	8A-2	165	2	Administration - Fringe Benefits	44,501	(5,790)	38,711
							To adjust administrator compensation based on the Department of Health Care Services guidelines. 42 CFR 413.102 / CMS Pub. 15-1, Sections 901, 902.3, 904 and 2305 State Plan Amendment (SPA), Section (III)(J) Medi-Cal Bulletin 371			

Provider Name	Fiscal Period	Provider NPI	Adjustments
TWO PALMS NURSING CENTER, INC.	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1578633228	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED STATISTICS			
3	10.7	105	4	7	105	N/A	Skilled Nursing Care (Pounds of Laundry)	0	53,052	53,052
	10.7	105	5	7	105	N/A	Skilled Nursing Care (Patient Meals)	0	41,994	41,994
	10.7	175	4	7	N/A	N/A	Total Statistics - Pounds of Laundry	0	53,052	53,052
	10.7	175	5	7	N/A	N/A	Total Statistics - Patient Meals	0	41,994	41,994

To include laundry pounds and patient meals statistics in order to properly allocate indirect costs.
42 CFR 413.24 and 413.50
CMS Pub. 15-1, Sections 2304 and 2306

Provider Name	Fiscal Period	Provider NPI	Adjustments
TWO PALMS NURSING CENTER, INC.	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1578633228	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED PATIENT DAYS			
4	4.1	005	2	1	15	N/A	Medi-Cal Days	12,593	7	12,600
							To adjust reported 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 June 30, 2011			
							Report Date: July 19, 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
TWO PALMS NURSING CENTER, INC.	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1578633228	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO OTHER MATTERS			
5	Not Reported			1	14	N/A	Overpayments 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	$4,484	$4,484