

**APPEAL RECOMPUTATION
OF THE
HOME OFFICE AUDIT REPORT**

**PLOTT MANAGEMENT CORPORATION
ONTARIO, CALIFORNIA**

**FISCAL PERIOD ENDED
JANUARY 31, 2009**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Virat Shah
Auditors: Manny Tria and Mary Anne Ruiz**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

August 19, 2013

Terry Steege
Finance Director
Plott Management Corporation
800 East Fifth Street
Ontario, CA 91764

In the Matter of:

PLOTT MANAGEMENT CORPORATION
FISCAL PERIOD ENDED JANUARY 31, 2009
APPEAL NUMBERS NF11-1208-082D-MR, NF11-1208-068J-MR, NF11-1208-084J-MR, AND NF11-1208-083-MR

The Comparison of Reported and Audited Home Office Cost and supporting schedules in the above matter have been revised pursuant to the Office of Administrative Hearings and Appeals' Final Decision signed on July 10, 2013.

Enclosed are the following:

1. Comparison of Audited and Revised Home Office Cost and supporting schedules
2. Revised Audit Adjustments Schedule

Terry Steege
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The revised home office cost will be incorporated, by separate adjustment, into each applicable facility's revised schedules.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

cc: Mark A. Johnson, Esq.
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HOME OFFICE NAME:
PLOTT MANAGEMENT CORPORATIONFISCAL PERIOD ENDED:
JANUARY 31, 2009

	MEDI-CAL NUMBER	FISCAL YEAR	PERIOD COVERED	CAPITAL RELATED (Sch. 3) 1	NONCAPITAL RELATED (Sch. 3-1) 2	TOTAL REVISED H.O. COST (COLUMN 1 + 2) 3	
HEALTH CARE FACILITIES							
1.	Waterman Convalescent Hospital	ZZT05565G	12/31/08	02/01/08 - 12/31/08	\$9,577	\$435,543	\$445,120
2.	Waterman Convalescent Hospital	ZZT05565G	12/31/09	01/01/09 - 01/31/09	871	39,595	40,466
3.	Del Rosa Villa	LTC90017F	12/31/08	02/01/08 - 12/31/08	5,562	252,967	258,529
4.	Del Rosa Villa	LTC90017F	12/31/09	01/01/09 - 01/31/09	506	22,997	23,503
5.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/08	02/01/08 - 12/31/08	8,029	365,121	373,150
6.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/09	01/01/09 - 01/31/09	730	33,193	33,923
7.	Orangetree Convalescent Hospital	ZZT18680I	12/31/08	02/01/08 - 12/31/08	8,035	365,404	373,439
8.	Orangetree Convalescent Hospital	ZZT18680I	12/31/09	01/01/09 - 01/31/09	730	33,219	33,949
9.	Plott Nursing Home	ZZT05619I	12/31/08	02/01/08 - 12/31/08	11,439	520,204	531,643
10.	Plott Nursing Home	ZZT05619I	12/31/09	01/01/09 - 01/31/09	1,040	47,291	48,331
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	TOTAL (SUM OF LINES 1 - 24)				<u>\$46,519</u>	<u>\$2,115,534</u>	<u>\$2,162,053</u>

HOME OFFICE NAME:
 PLOTT MANAGEMENT CORPORATION

FISCAL PERIOD ENDED:
 JANUARY 31, 2009

HEALTH CARE FACILITIES

	MEDI-CAL NUMBER	FISCAL YEAR	PERIOD COVERED	AUDITED H.O. COST 1	REVISED H.O. COST (Sch. 3 & 3-1) 2	VARIANCE (COLUMN 1 - 2) 3	
1.	Waterman Convalescent Hospital	ZZT05565G	12/31/08	02/01/08 - 12/31/08	\$420,166	\$445,120	\$24,954
2.	Waterman Convalescent Hospital	ZZT05565G	12/31/09	01/01/09 - 01/31/09	38,197	40,466	2,269
3.	Del Rosa Villa	LTC90017F	12/31/08	02/01/08 - 12/31/08	244,036	258,529	14,493
4.	Del Rosa Villa	LTC90017F	12/31/09	01/01/09 - 01/31/09	22,185	23,503	1,318
5.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/08	02/01/08 - 12/31/08	352,231	373,150	20,919
6.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/09	01/01/09 - 01/31/09	32,021	33,923	1,902
7.	Orangetree Convalescent Hospital	ZZT18680I	12/31/08	02/01/08 - 12/31/08	352,503	373,439	20,936
8.	Orangetree Convalescent Hospital	ZZT18680I	12/31/09	01/01/09 - 01/31/09	32,045	33,949	1,904
9.	Plott Nursing Home	ZZT05619I	12/31/08	02/01/08 - 12/31/08	501,839	531,643	29,804
10.	Plott Nursing Home	ZZT05619I	12/31/09	01/01/09 - 01/31/09	45,622	48,331	2,709
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TOTAL (SUM OF LINES 1 - 24)					\$2,040,845	\$2,162,053	\$121,208

HOME OFFICE NAME:
PLOTT MANAGEMENT CORPORATIONFISCAL PERIOD ENDED:
JANUARY 31, 2009

	MEDI-CAL NUMBER	FISCAL YEAR	PERIOD COVERED 1	DIRECT CAPITAL (Sch. 5) 2	POOLED CAPITAL (Sch. 4) 4	TOTAL CAPITAL RELATED 5	
<u>HEALTH CARE FACILITIES</u>							
1.	Waterman Convalescent Hospital	ZZT05565G	12/31/08	02/01/08 - 12/31/08	\$0	\$9,577	\$9,577
2.	Waterman Convalescent Hospital	ZZT05565G	12/31/09	01/01/09 - 01/31/09	0	871	871
3.	Del Rosa Villa	LTC90017F	12/31/08	02/01/08 - 12/31/08	0	5,562	5,562
4.	Del Rosa Villa	LTC90017F	12/31/09	01/01/09 - 01/31/09	0	506	506
5.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/08	02/01/08 - 12/31/08	0	8,029	8,029
6.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/09	01/01/09 - 01/31/09	0	730	730
7.	Orangetree Convalescent Hospital	ZZT18680I	12/31/08	02/01/08 - 12/31/08	0	8,035	8,035
8.	Orangetree Convalescent Hospital	ZZT18680I	12/31/09	01/01/09 - 01/31/09	0	730	730
9.	Plott Nursing Home	ZZT05619I	12/31/08	02/01/08 - 12/31/08	0	11,439	11,439
10.	Plott Nursing Home	ZZT05619I	12/31/09	01/01/09 - 01/31/09	0	1,040	1,040
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	TOTAL (SUM OF LINES 1 - 24)				\$0	\$46,519	\$46,519

HOME OFFICE NAME:
PLOTT MANAGEMENT CORPORATION

FISCAL PERIOD ENDED:
JANUARY 31, 2009

HEALTH CARE FACILITIES

MEDI-CAL NUMBER	FISCAL YEAR	PERIOD COVERED	DIRECT COSTS (Sch. 5-1) 2	POOLED COSTS (Sch. 4) 4	TOTAL NONCAPITAL EXPENSE 5	
		1				
1. Waterman Convalescent Hospital	ZZT05565G	12/31/07	02/01/08 - 12/31/08	\$0	\$435,543	\$435,543
2. Waterman Convalescent Hospital	ZZT05565G	12/31/08	01/01/09 - 01/31/09	0	39,595	39,595
3. Del Rosa Villa	LTC90017F	12/31/07	02/01/08 - 12/31/08	0	252,967	252,967
4. Del Rosa Villa	LTC90017F	12/31/08	01/01/09 - 01/31/09	0	22,997	22,997
5. Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/07	02/01/08 - 12/31/08	0	365,121	365,121
6. Mt. Rubidoux Convalescent Hospital	ZZT05581I	12/31/08	01/01/09 - 01/31/09	0	33,193	33,193
7. Orangetree Convalescent Hospital	ZZT18680I	12/31/07	02/01/08 - 12/31/08	0	365,404	365,404
8. Orangetree Convalescent Hospital	ZZT18680I	12/31/08	01/01/09 - 01/31/09	0	33,219	33,219
9. Plott Nursing Home	ZZT05619I	12/31/07	02/01/08 - 12/31/08	0	520,204	520,204
10. Plott Nursing Home	ZZT05619I	12/31/08	01/01/09 - 01/31/09	0	47,291	47,291
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TOTAL (SUM OF LINES 1 - 24)				\$0	\$2,115,534	\$2,115,534

(To Sch. 1 & 2)

HOME OFFICE NAME:
 PLOTT MANAGEMENT CORPORATION

FISCAL PERIOD ENDED:
 JANUARY 31, 2009

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base:		Allocation Pool Capital Expenses 4	Allocation Pool NonCapital Expenses 5	Allocation Pool Total Expenses 6
	Accumulated Cost 2	Percent 3			
Program Services (Rev.)	36,542,607	91.8%	\$ 46,518	\$ 2,115,534	\$ 2,162,052
Non - Program Services (Rev.)	3,244,264	8.2%	4,130	187,818	191,948
Total	39,786,871	100%	\$ 50,648	\$ 2,303,352	\$ 2,354,000

(From Sch. 6) (From Sch. 6)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	PERIOD COVERED	TOTAL COST (SCH. G, COL. 1) 1	CAPITAL (Sch. 6) 2	NONCAPITAL (Sch. 6) 3	POOLED (COLUMN 2 + 3) 4	
	1.	Waterman Convalescent Hospital	ZZT05565G	02/01/08 - 12/31/08	7,523,333	\$9,577	\$435,543
2.	Waterman Convalescent Hospital	ZZT05565G	01/01/09 - 01/31/09	683,939	871	39,595	40,466
3.	Del Rosa Villa	LTC90017F	02/01/08 - 12/31/08	4,369,625	5,562	252,967	258,529
4.	Del Rosa Villa	LTC90017F	01/01/09 - 01/31/09	397,239	506	22,997	23,503
5.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	02/01/08 - 12/31/08	6,306,912	8,029	365,121	373,150
6.	Mt. Rubidoux Convalescent Hospital	ZZT05581I	01/01/09 - 01/31/09	573,356	730	33,193	33,923
7.	Orangetree Convalescent Hospital	ZZT18680I	02/01/08 - 12/31/08	6,311,786	8,035	365,404	373,439
8.	Orangetree Convalescent Hospital	ZZT18680I	01/01/09 - 01/31/09	573,799	730	33,219	33,949
9.	Plott Nursing Home	ZZT05619I	02/01/08 - 12/31/08	8,985,733	11,439	520,204	531,643
10.	Plott Nursing Home	ZZT05619I	01/01/09 - 01/31/09	816,885	1,040	47,291	48,331
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TOTALS	36,542,607	\$	46,519	\$	2,115,534	\$	2,162,053
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MULTIPLIER

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HOME OFFICE NAME:
PLOTT MANAGEMENT CORPORATION

FISCAL PERIOD ENDED:
JANUARY 31, 2009

COST CENTER DESCRIPTION	AUDITED POOLED ALLOC.	REVISION NUMBER(S)	REVISION AMOUNT(S)	REVISED POOLED COST	DIRECT ALLOCATION
CAPITAL-RELATED COSTS					
1 Old Cap Related - Building & Fixtures	\$ -			\$ -	
1.01 Interest Exp - Old Cap Related - Bulding & Fixtures	0			0	
2 Old Capital Related - Movable Equipment	0			0	
2.01 Int Exp - Old Capital Related - Movable Equipment	0			0	
4 New Capital Related - Building & Fixtures	(6,068)			(6,068)	
4.01 Int Exp - New Capital Related - Building & Fixtures	0			0	
5 New Capital Related - Movable Equipment	56,716			56,716	
5.01 Int Exp New Capital Related - Movable Equipment	0			0	
	<u>0</u>			<u>0</u>	
6 TOTAL CAPITAL	<u>\$50,648</u>		<u>\$0</u>	<u>\$50,648</u>	<u>\$0</u>
NONCAPITAL-RELATED COSTS					
11 Salaries of Officers	\$105,004			\$105,004	
12 Salaries and Wages of Others	1,301,408			1,301,408	
13 Payroll Taxes	112,661			112,661	
14 Employee Benefits - Payroll Related	237,131			237,131	
15 Employee Benefits - Non-Payroll Related	48,292			48,292	
16 Profit Sharing / Pension Plans	0			0	
17 Legal Fees	51,869	1,2	131,967	183,836	
18 Auditing and Accounting Fees	23,206			23,206	
19 Utilities	1,902			1,902	
20 Communications	26,846			26,846	
21 Travel and Entertainment	1,260			1,260	
22 Transportation	23,556			23,556	
23 Cleaning Office and Administration Supplies	80,195			80,195	
24 Minor Equipment Expensed	0			0	
25 Repairs and Maintenance	13,585			13,585	
26 Dues and Subscriptions	1,975			1,975	
27 Contributions	0			0	
28 Insurance Premiums - Non-Cap Related	0			0	
29 Taxes / Licenses - Non-Cap Related	4,772			4,772	
30 Interest Expense	2,500			2,500	
31 Purchased Services	61,095			61,095	
32 Patient Relations	0			0	
33 Advertising - Promotional	0			0	
34 Advertising - Recruitment	6,195			6,195	
35 Postage	11,934			11,934	
35.02 Training and Education	25,258			25,258	
35.03 Computer Services	17,853			17,853	
35.04 Bank Charges	12,764			12,764	
35.05 Consulting Fees	<u>124</u>			<u>124</u>	
36.00 SUB-TOTAL (Lines 11-35.03)	<u>\$2,171,385</u>		<u>\$131,967</u>	<u>\$2,303,352</u>	<u>\$0</u>
TOTAL ALLOWABLE EXPENSES	<u>\$2,222,033</u>		<u>\$131,967</u>	<u>\$2,354,000</u> (To Sch. 4)	<u>\$0</u> (To Sch. 5, 5-1)

HOME OFFICE NAME:
PLOTT MANAGEMENT CORPORATION

FISCAL PERIOD ENDED:
JANUARY 31, 2009

COST CENTER DESCRIPTION	AUDITED POOLED ALLOC.	REVISION NUMBER(S)	REVISION AMOUNT(S)	REVISED POOLED COST	DIRECT ALLOCATION
NONREIMBURSABLE EXPENSES	\$0			\$0	
TOTAL EXPENSES	<u>\$2,222,033</u>		<u>\$131,967</u>	<u>\$2,354,000</u>	

Provider Name				Fiscal Period			Provider Number		Revisions	
PLOTT MANAGEMENT CORPORATION				FEBRUARY 1, 2008 THROUGH JANUARY 31, 2009			HOME OFFICE		2	
Report References							Explanation of Audit Adjustments	As Audited	Increase (Decrease)	As Revised
Audit Report			Revised Report							
Rev. No.	Sch.	Line	Col.	Sch.	Line	Col.				
<u>REVISIONS TO AUDITED COSTS</u>										
	6	17		6	17		Legal Fees	\$51,869		
1							Revision to adjustment 4. To reverse the related organization adjustment based upon the Appeals' Final Decision dated July 11, 2013 Issue No. 2.		\$119,803	
2							Revision to adjustment 5. To reverse the collection expense adjustment based upon the Appeals' Final Decision dated July, 11 2013, Issue No. 2.		<u>12,164</u> \$131,967	\$183,836