

**REPORT
ON THE
RATE SETTING AUDIT**

**SUNSHINE ICF/DDH #3
HAYWARD, CALIFORNIA
PROVIDER NUMBER: LTC80172F AND
NPI NUMBER: 1821280819**

**FISCAL PERIOD ENDED
AUGUST 31, 2008**

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

**Section Chief: Louise Wong
Audit Supervisor: Sandra Garcia
Auditor: Matthew Moy**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

January 26, 2010

Samy Vunderman, Director
Charlex Corp USA
4110 Sugar Maple Drive
Danville, CA 94506

PROVIDER: SUNSHINE ICF/DDH #3
PROVIDER NO. LTC80172F AND NPI NO. 1821280819
FISCAL PERIOD ENDED AUGUST 31, 2008

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	311,162	\$ 142.47
Net Audit Adjustment		<u>(20,002)</u>	<u>(9.15)</u>
Audited Cost/Cost Per Day	\$	<u>291,160</u>	\$ <u>133.32</u>

This audit report includes the:

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

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Rate Development Branch.

Samy Vunderman
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Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

John Melton, Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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
P.O. Box 997413
Sacramento, CA 95899-7413

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 95814-5005
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

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

Provider:
SUNSHINE ICF/DDH #3

Fiscal Period:
SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number:
LTC60172F

Provider NPI:
1821280819

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,184	2,184
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,184</u>	<u>2,184</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>311,162</u>	\$ <u>291,160</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>142.47</u>	\$ <u>133.32</u>

SHARE OF COST

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

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

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNSHINE ICF/DDH #3

Fiscal Period:
SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number:
LTC60172F

Provider NPI:
1821280819

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 4,500	\$ (2,339)	\$ 2,161
050	Leases and Rentals				0
055	Real Property Taxes		2,005	0	2,005
060	Personal Property Taxes				0
065	Mortgage Interest		6,957	0	6,957
070	Property Insurance		820	0	820
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 14,282	\$ (2,339)	\$ 11,943
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 17,300	\$ (9,156)	\$ 8,144
085	Utilities		5,370	0	5,370
090	Client Transportation	5	12,100	(3,713)	8,387
095	Dietary		17,600	0	17,600
100	Personal Care and Laundry		4,100	0	4,100
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 56,470	\$ (12,869)	\$ 43,601
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,752	\$ (15,208)	\$ 55,544
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 19,712	\$ 0	\$ 19,712
120	QMRP Fringe Benefits		4,928	0	4,928
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		133,000	0	133,000
140	Aides Fringe Benefits		33,250	0	33,250
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 190,890	\$ 0	\$ 190,890

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNSHINE ICF/DDH #3

Fiscal Period:
SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number:
LTC60172F

Provider NPI:
1821280819

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant	4	\$ 800	\$ (181)	\$ 619
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		210	0	210
180	Pharmacist Consultant		450	0	450
185	Nurse Consultant	3	9,360	(4,613)	4,747
190	Psychologist Consultant		250	0	250
195	Physician Consultant		600	0	600
200	Recreational Consultant		1,190	0	1,190
205	Social Service Consultant				0
210	Other Consultant		400	0	400
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,260	\$ (4,794)	\$ 8,466
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries		\$ 9,700	\$ 0	\$ 9,700
225	Administrative Fringe Benefits		4,925	0	4,925
226	Quality Assurance Fees		21,635	0	21,635
230	Other Administrative and General				0
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 36,260	\$ 0	\$ 36,260
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 311,162	\$ (20,002)	\$ 291,160
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$ 10,196	\$ 0	\$ 10,196
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 321,358	\$ (20,002)	\$ 301,356

* Total Expense per the Cost Report states \$321,971.

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Provider Name		Fiscal Period		Provider Number		Adjustments			
SUNSHINE ICF/DDH #3		SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008		LTC80172F		5			
Adj. No.	Report References		Line	Col.	Sch	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report							
DHS 3076 Page or Exhibit									
<u>ADJUSTMENTS TO REPORTED COSTS</u>									
1	4	045	4	2	45	Depreciation and Amortization To eliminate reported depreciation expense due to insufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	\$4,500	(\$2,339)	\$2,161
2	4	080	4	2	80	Home Operations and Maintenance To reconcile the reported expenses to agree with the provider's records and to adjust useful life in accordance with the American Hospital Association Guidelines. CMS Pub. 15-1, Sections 104.17, 104.18, 2300, and 2304	\$17,300	(\$9,156)	\$8,144
3	4.1	185	4	2	185	Nurse Consultant To adjust reported nurse consultant dollars to agree with the provider's paid invoices. CMS Pub. 15-1, Section 2304	\$9,360	(\$4,613)	\$4,747
4	4.1	160	4	2	160	Dietitian Consultant To adjust reported dietitian consultant dollars to agree with the provider's paid invoices. CMS Pub. 15-1, Section 2304	\$800	(\$181)	\$619
5	4	90	4	2	90	Client Transportation To adjust reported client transportation expenses to the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	\$12,100	(\$3,713)	\$8,387