

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MARCIES MANOR III ICF  
STOCKTON, CALIFORNIA  
PROVIDER NUMBER: LTC61051F /  
NPI 1932247541**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

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

**Acting Section Chief: Jeff Sandman  
Audit Supervisor: Jeff Sandman  
Auditor: Shun Tong**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

December 28, 2009

Marcies Patubo, Administrator  
Marcies Manor III ICF  
5450 Saint Andrews Drive  
Stockton, CA 95219

PROVIDER: MARCIES MANOR III ICF  
PROVIDER NO. LTC61051F / NPI 1932247541  
FISCAL PERIOD ENDED DECEMBER 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	\$	284,711		\$ 194.08
Net Audit Adjustment		<u>(20,084)</u>		<u>(13.45)</u>
Audited Cost/Cost Per Day	\$	<u>264,627</u>		\$ <u>180.63</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
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.

Marcies Patubo  
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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  
PO 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 - Sacramento at (916) 650-6994.

Original Signed by

Jeff Sandman, Acting Chief  
Audits Section - Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
MARCIES MANOR III ICF

**Fiscal Period:**  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

**Provider Number:**  
LTC61051F

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 7)	1,467	1,465
2. Other Client Days (Adj )		0
3. Total Client Days	<u>1,467</u>	<u>1,465</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>284,711</u>	\$ <u>264,627</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>194.08</u>	\$ <u>180.63</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 )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MARCIES MANOR III ICF

Fiscal Period:  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:  
LTC61051F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$	\$	\$ 0
050	Leases and Rentals	1, 2	18,900	(13,444)	5,456
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		3,154		3,154
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 22,054	\$ (13,444)	\$ 8,610
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 2,418	\$	\$ 2,418
085	Utilities		8,358		8,358
090	Client Transportation	3	1,335	(650)	685
095	Dietary		13,964		13,964
100	Personal Care and Laundry		2,475		2,475
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 28,550	\$ (650)	\$ 27,900
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,604	\$ (14,094)	\$ 36,510
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 45,390	\$	\$ 45,390
120	QMRP Fringe Benefits		4,033		4,033
125	Lead Salaries		25,969		25,969
130	Lead Fringe Benefits	4	4,057	(100)	3,957
135	Aides Salaries		61,162		61,162
140	Aides Fringe Benefits	4, 5	14,756	(3,092)	11,664
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 155,367	\$ (3,192)	\$ 152,175

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MARCIES MANOR III ICF

Fiscal Period:  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:  
LTC61051F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 540	\$	\$ 540
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		900		900
185	Nurse Consultant		8,280		8,280
190	Psychologist Consultant		2,550		2,550
195	Physician Consultant				0
200	Recreational Consultant		935		935
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,205	\$ 0	\$ 13,205
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 31,300	\$	\$ 31,300
225	Administrative Fringe Benefits		2,809		2,809
226	Quality Assurance Fees	6	22,699	(2,798)	19,901
230	Other Administrative and General		8,727		8,727
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 65,535	\$ (2,798)	\$ 62,737
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 284,711	\$ (20,084)	\$ 264,627
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 628	\$	\$ 628
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 285,339	\$ (20,084)	\$ 265,255

## SUMMARY OF AUDITED LABOR REPORT

**Provider:**  
MARCIES MANOR III ICF

**Fiscal Period:**  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

**Provider Number:**  
LTC61051F

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj )	Average Hourly Wage (Col 2 / Col 3)
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 4,033	\$ 45,390	1,560	\$ 29.10
2	Lead	3,957	25,969	2,594	10.01
3	Aides	11,664	61,162	6,715	9.11
4	Other	0	0		0.00
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 19,654	\$ 132,521	10,869	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 540	12	\$ 45.00
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist		900	15	60.00
11	Nurse		8,280	207	40.00
12	Psychologist		2,550	30	85.00
13	Physician				0.00
14	Recreational		935	17	55.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 13,205	281	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$ 2,809	\$ 31,300	1,144	\$ 27.36
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 22,463	\$ 177,026	12,294	

Provider Name		Fiscal Period		Provider Number		Adjustments	
MARCIES MANOR III ICF		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC61051F		7	
Adj. No.	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Line	Col.	Sch			
1	4	50	4	2	50.00	Leases and Rentals	\$18,900
2						To eliminate rental expenses applicable to a related facility. 42 CFR 413.17 and 413.134(h) CMS Pub. 15-1, Section 1011.5	(\$18,900)
2						To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Section 1011.5	<u>5,456</u> (\$13,444)
3	4	90	4	2	90.00	Client Transportation	\$1,335
						To eliminate gasoline expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	(\$650)
4	4.1	130	4	2	130.00	Lead Benefits	\$4,057
	4.1	140	4	2	140.00	Aides Benefits	14,756
						To eliminate gift card expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	(\$100) (498)
5	4.1	140	4	2	140.00	Aides Benefits	\$14,258
						To adjust aides benefits to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2304 and 2306	(\$2,594)
6	4.1	226	4	2	226.00	Quality Assurance Fees	\$22,699
						To eliminate prior year quality assurance expense. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	(\$2,798)
							\$11,664
							\$19,901

\*Balance carried forward from prior/to subsequent adjustments

