

**REPORT
ON THE
RATE SETTING AUDIT**

**SHIRLEY'S CARE HOME, INC. #3
STOCKTON, CALIFORNIA
PROVIDER NUMBER: LTC80303F /
NPI 1326225665**

**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
Auditors: Amanda Hormel and 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

SHIRLEY GAPASIN
SHIRLEY'S CARE HOMES, INC.
2812 APPLING CIRCLE
STOCKTON, CA 95209

PROVIDER: SHIRLEY'S CARE HOME, INC. #3
PROVIDER NO. LTC80303F / NPI 1326225665
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	\$	311,660	\$ 144.49
Net Audit Adjustment		<u>(6,018)</u>	<u>(3.19)</u>
Audited Cost/Cost Per Day	\$	<u>305,642</u>	\$ <u>141.30</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.

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:
Shirley's Care Home, Inc. #3

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

Provider Number:
LTC80303F

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 8)	2,157	2,163
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,157</u>	<u>2,163</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>311,660</u>	\$ <u>305,642</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>144.49</u>	\$ <u>141.30</u>

SHARE OF COST

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

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

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
Shirley's Care Home, Inc. #3

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

Provider Number:
LTC80303F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 2,264	\$ (1,780)	\$ 484
050	Leases and Rentals				0
055	Real Property Taxes		1,752		1,752
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	2	3,566	(57)	3,509
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 7,582	\$ (1,837)	\$ 5,745
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 7,221	\$ (1,125)	\$ 6,096
085	Utilities	4	9,857	(473)	9,384
090	Client Transportation		1,350		1,350
095	Dietary		11,172		11,172
100	Personal Care and Laundry		125		125
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 29,725	\$ (1,598)	\$ 28,127
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 37,307	\$ (3,435)	\$ 33,872
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 21,600	\$	\$ 21,600
120	QMRP Fringe Benefits				0
125	Lead Salaries		30,800	0	30,800
130	Lead Fringe Benefits	5	6,379	(20)	6,359
135	Aides Salaries		86,460	0	86,460
140	Aides Fringe Benefits	5	17,910	(55)	17,855
145	Other Salaries		15,000	0	15,000
150	Other Fringe Benefits	5	3,106	(10)	3,096
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 181,255	\$ (85)	\$ 181,170

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
Shirley's Care Home, Inc. #3

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

Provider Number:
LTC80303F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 945	\$	\$ 945
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		840		840
185	Nurse Consultant		57,993		57,993
190	Psychologist Consultant				0
195	Physician Consultant		920		920
200	Recreational Consultant		900		900
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 61,598	\$ 0	\$ 61,598
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	6	25,285	(4,552)	20,733
230	Other Administrative and General	7	6,215	2,054	8,269
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 31,500	\$ (2,498)	\$ 29,002
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 311,660	\$ (6,018)	\$ 305,642
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 311,660	\$ (6,018)	\$ 305,642

SUMMARY OF AUDITED LABOR REPORT

Provider:

Shirley's Care Home, Inc. #3

Fiscal Period:

JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:

LTC80303F

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 0	\$ 21,600	468	\$ 46.15
2	Lead	6,359	30,800	2,264	13.60
3	Aides	17,855	86,460	8,646	10.00
4	Other	3,096	15,000	572	26.22
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 27,310	\$ 153,860	11,950	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 945	24	\$ 39.38
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist		840	12	70.00
11	Nurse		57,993	3,640	15.93
12	Psychologist				0.00
13	Physician		920	6	153.33
14	Recreational		900	24	37.50
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 61,598	3,706	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 27,310	\$ 215,458	15,656	

Provider Name		Fiscal Period		Provider Number		Adjustments		
SHIRLEY'S CARE HOME, INC. #3		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC80303F		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.					
ADJUSTMENTS TO REPORTED COSTS								
1	4	45	4	2	45.00	\$2,264	(\$1,780)	\$484
Depreciation and Amortization To adjust depreciation expense to agree with the provider's detailed depreciation schedules. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102 and 2304								
2	4	70	4	2	70.00	\$3,566	(\$57)	\$3,509
Property Insurance To adjust reported insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304								
3	4	80	4	2	80.00	\$7,221	(\$1,125)	\$6,096
Home Operations and Maintenance To eliminate Wells Fargo expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
4	4	85	4	2	85.00	\$9,857	(\$473)	\$9,384
Utilities To eliminate reported cable TV expenses that is not patient care related. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3								
5	4.1	130	4	2	130.00	\$6,379	(\$20)	\$6,359
	4.1	140	4	2	140.00	17,910	(55)	17,855
	4.1	150	4	2	150.00	3,106	(10)	3,096
Other Benefits To adjust workers' compensation to agree with the provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306								
6	4.1	226	4	2	226.00	\$25,285	(\$4,552)	\$20,733
Quality Assurance Fees To adjust the reported quality assurance fee to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								

Provider Name		Fiscal Period		Provider Number		Adjustments		
SHIRLEY'S CARE HOME, INC. #3		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC80303F		8		
Adj. No.	Report References		Line	Col.	Sch	Line	As Reported	As Adjusted
	Cost Report	Audit Report						
7	4.1	230	4	2	230.00		\$6,215	\$8,269
<p>Other General and Administrative</p> <p>To adjust reported home office costs to agree with the Shirley's Care Home, Inc. Audit Report for fiscal period ended December 31, 2008.</p> <p>42 CFR 413.7 / CMS Pub. 15-1, Sections 2150.2 and 2304</p>								
							\$2,054	
ADJUSTMENTS TO REPORTED COSTS								

Provider Name		Fiscal Period		Provider Number		Adjustments	
SHIRLEY'S CARE HOME, INC. #3		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC80303F		8	
Adj. No.	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report					
8	DHS 3076 Page or Exhibit	Line	Col.	1	2,157	6	2,163
				1.00			
<p style="text-align: center;">ADJUSTMENT TO REPORTED PATIENT DAYS</p> <p>To adjust patient days to include bed hold or leave days. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2205.4 and 2304</p>							