

**REPORT  
ON THE  
RATE SETTING AUDIT  
GLADSTONE HOUSE  
SYLMAR, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1851442610  
FISCAL PERIOD ENDED  
JUNE 30, 2011**

**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



EDMUND G. BROWN JR.  
GOVERNOR

September 4, 2012

Viji Krishnaswamy  
Finance Manager  
Valley Village  
20830 Sherman Way  
Winnetka, California 91306

GLADSTONE HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1851442610  
FISCAL PERIOD ENDED JUNE 30, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost 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	\$	277,304	\$ 126.62
Net Audit Adjustment		<u>(2,646)</u>	<u>(1.21)</u>
Audited Cost/Cost Per Day	\$	<u>274,658</u>	\$ <u>125.41</u>

This audit report includes the:

1. Audit Report Schedules 1 and 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 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

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

**Provider:**  
GLADSTONE HOUSE

**Fiscal Period:**  
JULY 1, 2010 THROUGH JUNE 30, 2011

**Provider NPI:**  
1851442610

**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 5)	0	2,190
2. Medi-Cal Managed Care Days (Adj 5)	2,190	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>277,304</u>	\$ <u>274,658</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>126.62</u>	\$ <u>125.41</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>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:  
GLADSTONE HOUSE

Fiscal Period:  
JULY 1, 2010 THROUGH JUNE 30, 2011

Provider NPI:  
1851442610

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 0	\$ 0	\$ 0
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		2,960		2,960
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 2,960	\$ 0	\$ 2,960
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 3,825	\$ (878)	\$ 2,947
085	Utilities		3,597		3,597
090	Client Transportation (excluding Adult Day Services)		7,457		7,457
095	Dietary		20,365		20,365
100	Personal Care and Laundry	2, 3	6,904	(1,480)	5,424
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,149	\$ (2,358)	\$ 39,790
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 45,108	\$ (2,358)	\$ 42,750
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,148	\$	\$ 12,148
120	QMRP Fringe Benefits		3,960		3,960
125	Lead Salaries		36,178		36,178
130	Lead Fringe Benefits		11,479		11,479
135	Aides Salaries		50,957		50,957
140	Aides Fringe Benefits		5,809		5,809
145	Other Salaries		17,152		17,152
150	Other Fringe Benefits		5,637		5,637
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 143,320	\$ 0	\$ 143,320

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
GLADSTONE HOUSE

Fiscal Period:  
JULY 1, 2010 THROUGH JUNE 30, 2011

Provider NPI:  
1851442610

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 695	\$	\$ 695
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		2,223		2,223
180	Pharmacist Consultant		454		454
185	Nurse Consultant		0		0
190	Psychologist Consultant		2,994		2,994
195	Physician Consultant	4	1,488	(288)	1,200
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,854	\$ (288)	\$ 7,566
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		22,317		22,317
230	Other General and Administrative*** (Excluding Adult Day Services)		58,705		58,705
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 81,022	\$ 0	\$ 81,022
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 277,304	\$ (2,646)	\$ 274,658
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 1,467	\$	\$ 1,467
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 385,528	\$ (2,646)	\$ 382,882

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name		Fiscal Period				Provider NPI		Adjustments		
GLADSTONE HOUSE		JULY 1, 2010 THROUGH JUNE 30, 2011				1851442610		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Line	Col					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	80	4	2	80	2		\$3,825	(\$878)	\$2,947
Home Operations and Maintenance To eliminate duplicate equipment expenses not related to patient care 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105										
4	4	100	4	2	100	2		\$6,904		
Personal Care and Laundry  To eliminate dental costs not included in the per diem rate. CMS Pub. 15-1, Section 2104.4 CCR, Title 22, 51511(c)										
3									(1,011)	\$5,424
To eliminate clients' sporting ticket costs not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2304 <del>(\$1,480)</del>										
4	4.1	195	4	2	195	2		\$1,488	(\$288)	\$1,200
Physician Consultant To eliminate podiatric consultant expense to agree with the contract agreement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										

Provider Name		Fiscal Period		Provider NPI		Adjustments		
GLADSTONE HOUSE		JULY 1, 2010 THROUGH JUNE 30, 2011		1851442610		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
5	2	3	1	1	1	0	2,190	2,190
	2	3	2	1	2	2,190	(2,190)	0
<p style="text-align: center;"><b>ADJUSTMENT TO REPORTED PATIENT DAYS</b></p> <p>Medi-Cal Client Days                      Medi-Cal Managed Care Days                      To reclassify client days to agree with the provider's census records and Medi-Cal paid claims summary report.                      42 CFR 413.20, 413.24 and 413.50                      CMS Pub. 15-1, Sections 2205, 2300, and 2304</p>								