

**REPORT
ON THE
RATE SETTING AUDIT**

**MCNEALY HOUSE
OCEANSIDE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1962488007**

**FISCAL PERIOD ENDED
JUNE 30, 2011**

**Audits Section—Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Teri Hung**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: December 18, 2012

Joseph Michalowski, Controller
Teri, Inc.
251 Airport Road
Oceanside, CA 92058-11201

PROVIDER: MCNEALY HOUSE
NATIONAL PROVIDER IDENTIFIER 1962488007
FISCAL PERIOD ENDED JUNE 30, 2011

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	\$	495,119	\$ 226.19
Net Audit Adjustment		<u>0</u>	<u>0</u>
Audited Cost/Cost Per Day	\$	<u>495,119</u>	\$ <u>226.19</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2

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.

Joseph Michalowski, Controller
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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:

Chief
Office of Administrative Appeals and Hearings
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
P.O. 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 Title 22, California Code of Regulations, Section 51016, et seq.

If you have questions regarding this report you may call the Audits Section-Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section-Santa Ana
Financial Audits Branch

Certified

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

Provider:
MCNEALY HOUSE

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

Provider NPI:
1962488007

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,189	2,189
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,189</u>	<u>2,189</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>495,119</u>	\$ <u>495,119</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>226.19</u>	\$ <u>226.19</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:
MCNEALY HOUSE

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

Provider NPI:
1962488007

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 36,331	\$	\$ 36,331
050	Leases and Rentals		1,715		1,715
055	Real Property Taxes				0
060	Personal Property Taxes		47		47
065	Mortgage Interest				0
070	Property Insurance		2,065		2,065
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 40,158	\$ 0	\$ 40,158
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 29,036	\$	\$ 29,036
085	Utilities		12,270		12,270
090	Client Transportation (excluding Adult Day Services)		18,151		18,151
095	Dietary		15,941		15,941
100	Personal Care and Laundry		5,791		5,791
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 81,189	\$ 0	\$ 81,189
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 121,347	\$ 0	\$ 121,347
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 43,598	\$	\$ 43,598
120	QMRP Fringe Benefits		5,831		5,831
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		180,341		180,341
140	Aides Fringe Benefits		24,118		24,118
145	Other Salaries		16,044		16,044
150	Other Fringe Benefits		2,145		2,145
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 272,077	\$ 0	\$ 272,077

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MCNEALY HOUSE

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

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 2,615	\$	\$ 2,615
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		176		176
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		281		281
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 3,072	\$ 0	\$ 3,072
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 5,147	\$	\$ 5,147
225	Administrative Fringe Benefits		688		688
226	Quality Assurance Fees (excluding Adult Day Services)		22,297		22,297
230	Other General and Administrative*** (Excluding Adult Day Services)		70,491		70,491
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,623	\$ 0	\$ 98,623
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 495,119	\$ 0	\$ 495,119
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 495,119	\$ 0	\$ 495,119

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

*** List allocated administrative costs on Line 230