

**REPORT  
ON THE  
RATE SETTING AUDIT  
SCHMIDT HOUSE  
EL MONTE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1154466928  
FISCAL PERIOD ENDED  
AUGUST 31, 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: Tabusum Faridi**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

December 7, 2012

David Bernstein  
Executive Director  
Hope House for the Multiple Handicapped, Inc.  
4215 North Peck Road  
El Monte, California 91732

SCHMIDT HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1154466928  
FISCAL PERIOD ENDED AUGUST 31, 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	\$	423,073	\$ 193.18
Net Audit Adjustment		<u>(9,625)</u>	<u>(4.39)</u>
Audited Cost/Cost Per Day	\$	<u>413,448</u>	\$ <u>188.79</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 Fee-For-Service Rates Development Division.

David Bernstein  
Page 2

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:**  
SCHMIDT HOUSE

**Fiscal Period:**  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

**Provider NPI:**  
1154466928

**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 )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )	0	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>423,073</u>	\$ <u>413,448</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>193.18</u>	\$ <u>188.79</u>

**SHARE OF COST**

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

**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:  
SCHMIDT HOUSE

Fiscal Period:  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:  
1154466928

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	1	\$ 8,647	\$ (5,353)	\$ 3,294
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		413		413
065	Mortgage Interest	2	5,291	(2,892)	2,399
070	Property Insurance		958		958
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 15,309	\$ (8,245)	\$ 7,064
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	4	\$ 7,360	\$ (188)	\$ 7,172
085	Utilities		6,607		6,607
090	Client Transportation (excluding Adult Day Services)		5,513		5,513
095	Dietary		14,402		14,402
100	Personal Care and Laundry		2,939		2,939
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,821	\$ (188)	\$ 36,633
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 52,130	\$ (8,433)	\$ 43,697
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 18,880		\$ 18,880
120	QMRP Fringe Benefits	3	3,373	(119)	3,254
125	Lead Salaries		101,487		101,487
130	Lead Fringe Benefits	3	36,381	(404)	35,977
135	Aides Salaries		66,771		66,771
140	Aides Fringe Benefits	3	20,173	(313)	19,860
145	Other Salaries		7,492		7,492
150	Other Fringe Benefits	3	1,878	(40)	1,838
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 256,435	\$ (876)	\$ 255,559

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SCHMIDT HOUSE

Fiscal Period:  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:  
1154466928

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		\$ 1,300	\$	\$ 1,300
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		150		150
175	Occupational Therapy Consultant		1,740		1,740
180	Pharmacist Consultant		0		0
185	Nurse Consultant		11,444		11,444
190	Psychologist Consultant		5,803		5,803
195	Physician Consultant		1,293		1,293
200	Recreational Consultant		1,181		1,181
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,911	\$ 0	\$ 22,911
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 49,973	\$	\$ 49,973
225	Administrative Fringe Benefits	3	8,772	(316)	8,456
226	Quality Assurance Fees (excluding Adult Day Services)		22,361		22,361
230	Other General and Administrative*** (Excluding Adult Day Services)		10,491		10,491
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 91,597	\$ (316)	\$ 91,281
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 423,073	\$ (9,625)	\$ 413,448
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 423,073	\$ (9,625)	\$ 413,448

Page 2 of 2

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

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

Provider Name		Fiscal Period				Provider NPI		Adjustments			
SCHMIDT HOUSE		SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011				1154466928		4			
Adj. No.	MC530 Page or Exhibit	Report References				Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Line	Col.						
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation expense because land is a non-depreciable asset 42 CFR 413.20, 413.24, and 413.13 CMS Pub. 15-1, Sections 102, 104.6, 2300, and 2304	\$8,647	(\$5,353)	\$3,294	
2	4	065	4	2	065	3	Mortgage Interest To adjust mortgage interest expense to agree with the provider's loan documents. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$5,291	(\$2,892)	\$2,399	
3	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$3,373	(\$119)	\$3,254	
	4.1	130	4	2	130	3	Lead Fringe Benefits	36,381	(404)	35,977	
	4.1	140	4	2	140	3	Aides Fringe Benefits	20,173	(313)	19,860	
	4.1	150	4	2	150	3	Other Fringe Benefits	1,878	(40)	1,838	
	4.1	225	4	2	225	3	Administrative Fringe Benefits To reconcile the reported fringe benefit expense to agree with the provider's records. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2300, 2304, and 2306	8,772	(316)	8,456	
4	4	080	4	2	080	3	Home Operations and Maintenance To eliminate maintenance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,360	(\$188)	\$7,172	