REPORT
ON THE
RATE SETTING AUDIT

LOYD'S LIBERTY HOMES, INC. - IRONWOOD
BAKERSFIELD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1497960769

FISCAL PERIOD ENDED
SEPTEMBER 30, 2011

Audits Section—Rancho Cucamonga
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Wendy Oney

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

May 13, 2013

Peter Kurylo
Vice President / CFO
Loyd's Liberty Homes, Inc.
9166 Anaheim Place, Suite 200
Rancho Cucamonga, CA 91730

LOYD'S LIBERTY HOMES, INC. - IRONWOOD
NATIONAL PROVIDER IDENTIFIER (NPI) 1497960769
FISCAL PERIOD ENDED SEPTEMBER 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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	370,931	$	169.37
Net Audit Adjustment		(2,802)		(1.27)
Audited Cost/Cost Per Day	$	368,129	$	168.10

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.

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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
LOYD'S LIBERTY HOMES, INC. - IRONWOOD

Fiscal Period:
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Provider NPI:
1497960769

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
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	2,190	2,190
5. Total Client Care Expenses (From Sch. 2)	$ 370,931	$ 368,129
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 169.37	$ 168.10
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOYD'S LIBERTY HOMES, INC. - IRONWOOD

Fiscal Period:
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Provider NPI:
1497960769

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	2	$ 4,920	$ (2,802)	$ 2,118
050	Leases and Rentals		22,440		22,440
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 27,360	$ (2,802)	$ 24,558
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 11,358	$	$ 11,358
085	Utilities		12,637		12,637
090	Client Transportation (excluding Adult Day Services)		7,026		7,026
095	Dietary		13,523		13,523
100	Personal Care and Laundry		4,092		4,092
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 48,636	$ 0	$ 48,636
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 75,996	$ (2,802)	$ 73,194
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 14,916	$	$ 14,916
120	QMRP Fringe Benefits		3,079		3,079
125	Lead Salaries		18,941		18,941
130	Lead Fringe Benefits		3,910		3,910
135	Aides Salaries	1	101,836	(135)	101,701
140	Aides Fringe Benefits	1	21,023	1,854	22,877
145	Other Salaries	1	20,901	(1,719)	19,182
150	Other Fringe Benefits		4,314		4,314
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 188,920	$ 0	$ 188,920

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOYD'S LIBERTY HOMES, INC. - IRONWOOD

Fiscal Period:
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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		$ 1,292	$	$ 1,292
165	Speech Pathology Consultant		1,920		1,920
170	Physical Therapy Consultant		188		188
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		600		600
195	Physician Consultant				0
200	Recreational Consultant		1,080		1,080
205	Social Service Consultant				0
210	Other Consultant		2,254		2,254
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 7,334	$ 0	$ 7,334
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 4,556	$	$ 4,556
225	Administrative Fringe Benefits		941		941
226	Quality Assurance Fees (excluding Adult Day Services)		22,961		22,961
230	Other General and Administrative*** (excluding Adult Day Services)		70,223		70,223
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 98,681	$ 0	$ 98,681
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 370,931	$ (2,802)	$ 368,129
	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)		$ 370,931	$ (2,802)	$ 368,129

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
LOYD'S LIBERTY HOMES, INC. - IRONWOOD	OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011	1497960769	2

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							RECLASSIFICATION OF REPORTED COSTS			
1	4.1	135	4	2	135	3	Aides Salaries	$101,836	($135)	$101,701
	4.1	145	4	2	145	3	Other Salaries	20,901	(1,719)	19,182
	4.1	140	4	2	140	3	Aides Fringe Benefits	21,023	1,854	22,877
							To reclassify provider's other revenue abatement against the related costs.			
							42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328			
							CMS Pub. 15-2, Section 3613			

Provider Name	Fiscal Period	Provider NPI	Adjustments
LOYD'S LIBERTY HOMES, INC. - IRONWOOD	OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011	1497960769	2

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED COSTS			
2	4	045	4	2	045	3	Depreciation and Amortization To adjust for a change in useful life to agree with the American Hospital Association Guidelines. 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300, and 2304	$4,920	($2,802)	$2,118