

**REPORT
ON THE
RATE SETTING AUDIT**

**DESTINO
BELLFLOWER, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1437287711**

**FISCAL PERIOD ENDED
DECEMBER 31, 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: Claudia Arrieta**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: January 11, 2013

Cheryl Loflin-Wertz, President
Harbor Health Care, Inc.
16917 Clark Avenue
Bellflower, CA 90706

DESTINO
NATIONAL PROVIDER IDENTIFIER (NPI) 1437287711
FISCAL PERIOD ENDED DECEMBER 31, 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	\$	350,968	\$ 160.26
Net Audit Adjustment		(6,811)	(3.11)
Audited Cost/Cost Per Day	\$	<u>344,157</u>	\$ <u>157.15</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.

Cheryl Loflin-Wertz
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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
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—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:
DESTINO

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1437287711

**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	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>350,968</u>	\$ <u>344,157</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>160.26</u>	\$ <u>157.15</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DESTINO

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1437287711

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	1	\$ 13,314	\$ (208)	\$ 13,106
050	Leases and Rentals				0
055	Real Property Taxes		5,553		5,553
060	Personal Property Taxes				0
065	Mortgage Interest		39,325		39,325
070	Property Insurance	2	2,630	(1,353)	1,277
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 60,822	\$ (1,561)	\$ 59,261
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,302	\$	\$ 8,302
085	Utilities		4,787		4,787
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		11,738		11,738
100	Personal Care and Laundry		883		883
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 25,710	\$ 0	\$ 25,710
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 86,532	\$ (1,561)	\$ 84,971
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,521	\$	\$ 16,521
120	QMRP Fringe Benefits		3,287		3,287
125	Lead Salaries	3	23,017	(681)	22,336
130	Lead Fringe Benefits		4,385		4,385
135	Aides Salaries	4	96,309	(3,173)	93,136
140	Aides Fringe Benefits	6	18,349	(855)	17,494
145	Other Salaries	5	13,986	(541)	13,445
150	Other Fringe Benefits		2,665		2,665
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 178,519	\$ (5,250)	\$ 173,269

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DESTINO

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1437287711

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,200	\$	\$ 1,200
165	Speech Pathology Consultant		170		170
170	Physical Therapy Consultant		1,260		1,260
175	Occupational Therapy Consultant		1,150		1,150
180	Pharmacist Consultant		360		360
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		290		290
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 4,430	\$ 0	\$ 4,430
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		18,182		18,182
230	Other General and Administrative*** (Excluding Adult Day Services)		63,305		63,305
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 81,487	\$ 0	\$ 81,487
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 350,968	\$ (6,811)	\$ 344,157
	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)		\$ 350,968	\$ (6,811)	\$ 344,157

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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		
DESTINO		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1437287711				
Adj. No.	MC530 Page or Exhibit	Report References			Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.						
ADJUSTMENTS TO REPORTED COSTS										
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation to agree with the prior year's audite depreciation expense 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 102 and 2304	\$13,314	(\$208)	\$13,106
2	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to agree with provider records. 42 CFR 413.24 / CMS Pub. 15-1, Section 2161A	\$2,630	(\$1,353)	\$1,277
3	4.1	125	4	2	125	3	Lead Salaries To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$23,017	(\$681)	\$22,336
4	4.1	135	4	2	135	3	Aides Salaries To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$96,309	(\$3,173)	\$93,136
5	4.1	145	4	2	145	3	Other Salaries To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$13,986	(\$541)	\$13,445
6	4.1	140	4	2	140	3	Aides Fringe Benefits To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$18,349	(\$855)	\$17,494