

**REPORT  
ON THE  
RATE SETTING AUDIT**

**DURNESS HOME  
WEST COVINA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1679794309**

**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: Sandra Hy**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Date: Jun 21, 2013

Gloria Fonacier, Controller  
Unified Care Services  
2368 Torrance Boulevard, Suite 200  
Torrance, CA 90501

PROVIDER: DURNESS HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1679794309  
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	\$	319,559	\$ 146.92
Net Audit Adjustment		<u>(1,093)</u>	<u>(0.97)</u>
Audited Cost/Cost Per Day	\$	<u>318,466</u>	\$ <u>145.95</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.

Gloria Fonacier  
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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:**  
DURNESS HOME

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

**Provider NPI:**  
1679794309

**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 6)	2,175	2,182
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,175</u>	<u>2,182</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>319,559</u>	\$ <u>318,466</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>146.92</u>	\$ <u>145.95</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:  
DURNES HOME

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

Provider NPI:  
1679794309

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		\$ 8,456	\$	\$ 8,456
050	Leases and Rentals		2,687		2,687
055	Real Property Taxes		2,400		2,400
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,543	\$ 0	\$ 13,543
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 9,841	\$	\$ 9,841
085	Utilities	3	9,157	(131)	9,026
090	Client Transportation (excluding Adult Day Services)		1,946		1,946
095	Dietary		14,942		14,942
100	Personal Care and Laundry	2	8,900	(159)	8,741
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,786	\$ (290)	\$ 44,496
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 58,329	\$ (290)	\$ 58,039
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		112,167		112,167
140	Aides Fringe Benefits		23,468		23,468
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 135,635	\$ 0	\$ 135,635

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
DURNES HOME

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

Provider NPI:  
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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 \$		\$	\$	0
165	Speech Pathology Consultant		2,671		2,671
170	Physical Therapy Consultant		2,400		2,400
175	Occupational Therapy Consultant		1,845		1,845
180	Pharmacist Consultant				0
185	Nurse Consultant	1	0	9,496	9,496
190	Psychologist Consultant		8,003		8,003
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,919	\$ 9,496	\$ 24,415
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	1	\$ 62,913	\$ (9,496)	\$ 53,417
225	Administrative Fringe Benefits	4	2,848	(2,749)	99
226	Quality Assurance Fees (excluding Adult Day Services)		21,207		21,207
230	Other General and Administrative*** (Excluding Adult Day Services)	5	23,708	1,946	25,654
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 110,676	\$ (10,299)	\$ 100,377
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 319,559	\$ (1,093)	\$ 318,466
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 319,559	\$ (1,093)	\$ 318,466

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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
DURNESS HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1679794309		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>										
1	4.1	185	4	2	185.00		\$0	\$9,496	\$9,496	
	4.1	220	4	2	220.00	Nurse Consultant Administrative Salaries: To reclassify the nursing consultant expenses from Administrative Salaries to Nurse Consultant for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	62,913	(9,496)	53,417	

Provider Name							Fiscal Period	Provider NPI		Adjustments
DURNESS HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1679794309		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
2	4	100	4	2	100.00	Personal Care and Laundry To eliminate non-medical expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$8,900	(\$159)	\$8,741	
3	4	85	4	2	85.00	Utilities To eliminate telephone expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$9,157	(\$131)	\$9,026	
4	4.1	225	4	2	225.00	Administrative Fringe Benefits To eliminate life insurance expense for the related party as the beneficiary. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2130, 2300 and 2304	\$2,848	(\$2,749)	\$99	
5	4.1	230	4	2	230.00	Other General and Administrative To adjust home office costs to agree with the audited Home Office Cost Report, United Healthcare for fiscal period ended December 31, 2011. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	\$23,708	\$1,946	\$25,654	

Provider Name							Fiscal Period			Provider NPI		Adjustments
DURNESS HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1679794309		6
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>												
6	2	3	5	1	Total Patient Days				2,175	7	2,182	
To reconcile the reported patient days to agree with the provider's detailed census report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304												