

**REPORT
ON THE
RATE SETTING AUDIT**

**LARK SPRING TERRACE
DIAMOND BAR, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1164669446**

**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: Henry Igboke
Auditor: Ted Ha**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: July 11, 2013

Lourdes Ofelia A. Abarientos, Administrator
Lark Spring Terrace
22504 Lark Spring Terrace
Diamond Bar, CA 91765

LARK SPRING TERRACE
NATIONAL PROVIDER IDENTIFIER (NPI) 1164669446
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	\$	284,876	\$ 169.16
Net Audit Adjustment		(2,066)	(1.33)
Audited Cost/Cost Per Day	\$	<u>282,810</u>	\$ <u>167.83</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$4,303, which resulted from Medi-Cal overpayments

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.

Lourdes Ofelia A. Abarientos
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—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:
LARK SPRING TERRACE

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

Provider NPI:
1164669446

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	_____	_____ 0
2. Medi-Cal Managed Care Days (Adj)	_____	_____ 0
3. Other Client Days (Adj 12)	_____ 1,684	_____ 1,685
4. Total Client Days	<u>_____ 1,684</u>	<u>_____ 1,685</u>
5. Total Client Care Expenses (From Sch. 2)	\$ _____ 284,866	\$ _____ 282,800
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ _____ 169.16	\$ _____ 167.83
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 13)	\$ _____ NA	\$ _____ (4,303)
OVERPAYMENTS		
1. Duplicate Payments (Adj)	\$ _____	\$ _____ 0
2. Credit Balances (Adj)	\$ _____	\$ _____ 0
3. Total Overpayments	\$ _____ 0	\$ _____ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LARK SPRING TERRACE

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

Provider NPI:
1164669446

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	4	\$ 8,011	\$ (1,775)	\$ 6,236
050	Leases and Rentals				0
055	Real Property Taxes		6,176		6,176
060	Personal Property Taxes				0
065	Mortgage Interest		29,516		29,516
070	Property Insurance		1,798		1,798
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 45,501	\$ (1,775)	\$ 43,726
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 15,093	\$	\$ 15,093
085	Utilities	7	10,949	(258)	10,691
090	Client Transportation (excluding Adult Day Services)	6	8,340	(2,502)	5,838
095	Dietary	9	9,539	(598)	8,941
100	Personal Care and Laundry		2,579		2,579
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 46,500	\$ (3,358)	\$ 43,142
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 92,001	\$ (5,133)	\$ 86,868
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,985	\$	\$ 10,985
120	QMRP Fringe Benefits				0
125	Lead Salaries		34,812		34,812
130	Lead Fringe Benefits		2,957		2,957
135	Aides Salaries		31,373		31,373
140	Aides Fringe Benefits		7,051		7,051
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 87,178	\$ 0	\$ 87,178

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LARK SPRING TERRACE

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

Provider NPI:
1164669446

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,171	\$	\$ 1,171
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		323		323
175	Occupational Therapy Consultant		1,017		1,017
180	Pharmacist Consultant		507		507
185	Nurse Consultant	10	3,778	(720)	3,058
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant		300		300
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,096	\$ (720)	\$ 6,376
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 63,500	\$	\$ 63,500
225	Administrative Fringe Benefits	2,3	7,335	(1)	7,334
226	Quality Assurance Fees (excluding Adult Day Services)	8	7,694	12,927	20,621
230	Other General and Administrative*** (Excluding Adult Day Services)	1,2,5,11	20,062	(9,139)	10,923
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,591	\$ 3,787	\$ 102,378
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 284,866	\$ (2,066)	\$ 282,800
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	1	\$ 34,512	\$ 505	\$ 35,017
241	Adult Day Services and Related Transportation	2			0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 319,378	\$ (1,561)	\$ 317,817

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
LARK SPRING TERRACE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1164669446		13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	230	4	2	230	3	Other General and Administrative	\$20,062	(\$475)	\$19,587 *
	4.1	240	4	2	240	3	Non-Program Services	34,512	475	34,987 *
							To reclassify administrative cost related to Adult Day Services to a Non-Client Care Expense cost center. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328 CMS Pub. 15-2, Section 3613			

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
LARK SPRING TERRACE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1164669446		13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
ADJUSTMENTS TO REPORTED COSTS										
2	4.1	225	4	2	225	3	Administrative Fringe Benefits	\$7,335	\$418	\$7,753 *
	4.1	230	4	2	230	3	Other General and Administrative	* 19,587	880	20,467 *
	4.1	240	4	2	240	3	Non-Program Services	* 34,987	30	35,017
							To adjust the reported expense to agree with the Profit and Loss Statement. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
3	4.1	225	4	2	225	3	Administrative Fringe Benefits	* \$7,753	(\$419)	\$7,334
							To adjust payroll expense to agree with the payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
4	4	045	4	2	045	3	Depreciation and Amortization	\$8,011	(\$1,775)	\$6,236
							To adjust depreciation expense to the straight line basis. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102, 116, 120, 2300 and 2304			
5	4.1	230	4	2	230	3	Other General and Administrative	* \$20,467	(\$6,500)	\$13,967 *
							To eliminate State Income Taxes not allowable under the program. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Section 2122.4			
6	4	090	4	2	090	3	Client Transportation	\$8,340	(\$2,502)	\$5,838
							To eliminate client transportation expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			
7	4	085	4	2	085	3	Utilities	\$10,949	(\$258)	\$10,691
							To eliminate utility expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
LARK SPRING TERRACE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1164669446		13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
8	4.1	226	4	2	226	3	Quality Assurance Fees To adjust quality assurance fee to agree with the provider's paid invoices. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102, 2300 and 2304	\$7,694	\$12,927	\$20,621
9	4	095	4	2	095	3	Dietary To eliminate dietary and food expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$9,539	(\$598)	\$8,941
10	4.1	185	4	2	185	3	Nurse Consultant To eliminate nurse consultant 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	\$3,778	(\$720)	\$3,058
11	4.1	230	4	2	230	3	Other General and Administrative To eliminate business license and permit fees due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$13,967	(\$3,044)	\$10,923

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
LARK SPRING TERRACE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1164669446		13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>										
12	2	3	N/A	1	3	N/A	Total Other Client Days To adjust total patient days to agree with the provider's patient census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	1,684	1	1,685

Provider Name							Fiscal Period			Provider NPI		Adjustments
LARK SPRING TERRACE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1164669446		13
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col						
<u>ADJUSTMENT TO OTHER MATTERS</u>												
13	Not Reported			1	1	N/A	Share of Cost Audit Adjustment To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1			\$0	\$4,303	\$4,303