

**REPORT
ON THE
RATE SETTING AUDIT**

**MORRIS HOME
COVINA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1871715193**

**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: MORRIS HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1871715193
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 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	\$	333,555	\$ 168.29
Net Audit Adjustment		<u>(10,715)</u>	<u>(5.40)</u>
Audited Cost/Cost Per Day	\$	<u>322,840</u>	\$ <u>162.89</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:
MORRIS HOME

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

Provider NPI:
1871715193

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,982	1,982
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,982</u>	<u>1,982</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>333,555</u>	\$ <u>322,840</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>168.29</u>	\$ <u>162.89</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:
MORRIS HOME

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

Provider NPI:
1871715193

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		\$ 4,246	\$	\$ 4,246
050	Leases and Rentals				0
055	Real Property Taxes		2,588		2,588
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		6,917		6,917
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,751	\$ 0	\$ 13,751
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 6,471	\$	\$ 6,471
085	Utilities		8,164		8,164
090	Client Transportation (excluding Adult Day Services)		1,475		1,475
095	Dietary		13,350		13,350
100	Personal Care and Laundry		7,948		7,948
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,408	\$ 0	\$ 37,408
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 51,159	\$ 0	\$ 51,159
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	3	142,268	(11,094)	131,174
140	Aides Fringe Benefits		32,428		32,428
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 174,696	\$ (11,094)	\$ 163,602

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MORRIS HOME

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

Provider NPI:
1871715193

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant \$		\$	\$	0
165	Speech Pathology Consultant		2,670		2,670
170	Physical Therapy Consultant		2,040		2,040
175	Occupational Therapy Consultant		1,605		1,605
180	Pharmacist Consultant				0
185	Nurse Consultant	1	0	8,596	8,596
190	Psychologist Consultant		2,654		2,654
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)		\$ 8,969	\$ 8,596	\$ 17,565
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	\$ 50,087	\$ (8,596)	\$ 41,491
225	Administrative Fringe Benefits	2	8,680	(2,749)	5,931
226	Quality Assurance Fees (excluding Adult Day Services)		17,810		17,810
230	Other General and Administrative*** (Excluding Adult Day Services)	4	22,154	3,128	25,282
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,731	\$ (8,217)	\$ 90,514
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 333,555	\$ (10,715)	\$ 322,840
	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)		\$ 333,555	\$ (10,715)	\$ 322,840

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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
MORRIS HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1871715193		4
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>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	185	4	2	185.00		Nurse Consultant	\$0	\$8,596	\$8,596
	4.1	220	4	2	220.00		Administrative Salaries	50,087	(8,596)	41,491
							To reclassify the nurse consultant expenses to agree with the provider's invoices 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
MORRIS HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1871715193		4
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>ADJUSTMENTS TO REPORTED COSTS</u>										
2	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	\$8,680	(\$2,749)	\$5,931	
3	4.1	135	4	2	135.00	Aides Salaries To abate other income to related expense based on general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$142,268	(\$11,094)	\$131,174	
4	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	\$22,154	\$3,128	\$25,282	