

**REPORT
ON THE
RATE SETTING AUDIT**

**MATHARU ASSISTED LIVING # 2
GARDENA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1215194725**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section—Gardena
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Maria Delgado
Audit Supervisor: Deborah Lee
Auditor: Angela Guan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Dave Matharu, Administrator
Matharu Assisted Living # 2
15335 Cerise Avenue
Gardena, CA 90249

MATHARU ASSISTED LIVING # 2
NATIONAL PROVIDER IDENTIFIER (NPI): 1215194725
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	\$	374,535	\$ 171.02
Net Audit Adjustment		(2,697)	(1.23)
Audited Cost/Cost Per Day	\$	<u>371,838</u>	\$ <u>169.79</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Dave Matharu
Page 2

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.

Dave Matharu
Page 3

If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

CC: Anita Matharu
Cost Report Preparer
Matharu Assisted Living, Inc.
P. O. Box 11261
Torrance, CA 90510

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

Provider:

MATHARU ASSISTED LIVING # 2

Fiscal Period:

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:

1215194725

**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>374,535</u>	\$ <u>371,838</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>171.02</u>	\$ <u>169.79</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

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:
MATHARU ASSISTED LIVING # 2

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

Provider NPI:
1215194725

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	\$ 7,831	\$ (913)	\$ 6,918
050	Leases and Rentals		0		0
055	Real Property Taxes		3,765		3,765
060	Personal Property Taxes		0		0
065	Mortgage Interest	7	5,478	(386)	5,092
070	Property Insurance		323		323
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 17,397	\$ (1,299)	\$ 16,098
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,655	\$	\$ 8,655
085	Utilities		5,602		5,602
090	Client Transportation (excluding Adult Day Services)	2	8,076	(236)	7,840
095	Dietary	3	16,360	(280)	16,080
100	Personal Care and Laundry	4	7,528	(209)	7,319
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 46,221	\$ (725)	\$ 45,496
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 63,618	\$ (2,024)	\$ 61,594
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 21,862	\$	\$ 21,862
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		34,558		34,558
130	Lead Fringe Benefits		4,424		4,424
135	Aides Salaries		121,451		121,451
140	Aides Fringe Benefits		17,910		17,910
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 200,205	\$ 0	\$ 200,205

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MATHARU ASSISTED LIVING # 2

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

Provider NPI:
1215194725

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 449	\$	\$ 449
165	Speech Pathology Consultant		1,590		1,590
170	Physical Therapy Consultant		2,723		2,723
175	Occupational Therapy Consultant		473		473
180	Pharmacist Consultant		21		21
185	Nurse Consultant		13,449		13,449
190	Psychologist Consultant	5	2,200	(206)	1,994
195	Physician Consultant		0		0
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,905	\$ (206)	\$ 20,699
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		19,340		19,340
230	Other General and Administrative*** (Excluding Adult Day Services)	6	70,467	(467)	70,000
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 89,807	\$ (467)	\$ 89,340
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 374,535	\$ (2,697)	\$ 371,838
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 374,535	\$ (2,697)	\$ 371,838

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		
MATHARU ASSISTED LIVING # 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1215194725	7		
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											
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation expense to agree with the provider's invoices 42 CFR 413.20, 413.24, 413.50 and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304	\$7,831	(\$913)	\$6,918	
2	4	090	4	2	090	3	Client Transportator To eliminate client transaction expense due to insufficient documentatio 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,076	(\$236)	\$7,840	
3	4	095	4	2	095	3	Dietary To eliminate dietary expense due to insufficient documentatio 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$16,360	(\$280)	\$16,080	
4	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry expenses due to insufficie documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,528	(\$209)	\$7,319	
5	4.1	190	4	2	190	3	Psychologist Consultan To adjust psychologist consultant expense to agree with expens applicable to the audit perio 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2304	\$2,200	(\$206)	\$1,994	
6	4.1	230	4	2	230	3	Other General and Administrativ To eliminate other general and administrative expenses due to insufficie documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$70,467	(\$467)	\$70,000	

Provider Name							Fiscal Period		Provider NPI		Adjustments
MATHARU ASSISTED LIVING # 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1215194725		7
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
ADJUSTMENTS TO REPORTED COSTS											
7	4	065	4	2	065	3	Mortgage Interest To eliminate mortgage expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		\$5,478	(\$386)	\$5,092