

**REPORT
ON THE
RATE SETTING AUDIT**

**ARLINGTON HOME 3
LOMITA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1770740268**

**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: Xuan Wang**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 4, 2013

Pritam S. Matharu, Administrator
Arlington Home 3
24600 Cypress Street
Lomita, CA 90717

ARLINGTON HOME 3
NATIONAL PROVIDER IDENTIFIER: 1770740268
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, patient days, and use of share 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	\$	337,488	\$ 166.66
Net Audit Adjustment		(828)	(0.57)
Audited Cost/Cost Per Day	\$	<u>336,660</u>	\$ <u>166.09</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 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.

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

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

Provider:
ARLINGTON HOME 3

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

Provider NPI:
1407063886

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 3)	2,025	2,027
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,025</u>	<u>2,027</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>337,488</u>	\$ <u>336,660</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.66</u>	\$ <u>166.09</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:
ARLINGTON HOME 3

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

Provider NPI:
1407063886

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		\$ 5,451	\$	\$ 5,451
050	Leases and Rentals		0		0
055	Real Property Taxes		6,293		6,293
060	Personal Property Taxes				0
065	Mortgage Interest		3,107		3,107
070	Property Insurance		412		412
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 15,263	\$ 0	\$ 15,263
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 6,834	\$	\$ 6,834
085	Utilities		6,387		6,387
090	Client Transportation (excluding Adult Day Services)		3,380		3,380
095	Dietary		18,608		18,608
100	Personal Care and Laundry		6,548		6,548
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,757	\$ 0	\$ 41,757
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 57,020	\$ 0	\$ 57,020
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		41,392		41,392
130	Lead Fringe Benefits		5,498		5,498
135	Aides Salaries		106,395		106,395
140	Aides Fringe Benefits		15,268		15,268
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 168,553	\$ 0	\$ 168,553

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ARLINGTON HOME 3

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

Provider NPI:
1407063886

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 440	\$	\$ 440
165	Speech Pathology Consultant		1,094		1,094
170	Physical Therapy Consultant		2,393		2,393
175	Occupational Therapy Consultant		930		930
180	Pharmacist Consultant		108		108
185	Nurse Consultant		11,620		11,620
190	Psychologist Consultant		2,613		2,613
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		12,845		12,845
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 32,043	\$ 0	\$ 32,043
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		15,793		15,793
230	Other General and Administrative*** (Excluding Adult Day Services)	1 & 2	64,079	(828)	63,251
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 79,872	\$ (828)	\$ 79,044
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 337,488	\$ (828)	\$ 336,660
	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)		\$ 337,488	\$ (828)	\$ 336,660

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period		Provider NPI		Adjustments
ARLINGTON HOME 3							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1770740268		3
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											
1	4.1	230	4	2	230	3	Other General and Administrative To eliminate insurance expense for Business Income and Extra Expenses. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2161, 2300 and 2304		\$64,079	(\$161)	\$63,918 *
2	4.1	230	4	2	230	3	Other General and Administrative To adjust California Department of Public Health license fees to agree with expense applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		* \$63,918	(\$667)	\$63,251

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period		Provider NPI		Adjustments
ARLINGTON HOME 3							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1770740268		3
Report References							As Reported		Increase (Decrease)		As Adjusted
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments				
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>											
3	2	3	4	1	1	2	Total Client Days To adjust total client days to agree with the provider's client census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304		2,025	2	2,027