

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LA CASA  
GARDENA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1932317146**

**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: Ginn Sampson  
Auditor: Ngocle Truong**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 27, 2013

Sonifo Madera, Administrator  
La Casa  
15333 Daphne Avenue  
Gardena, CA 90249

LA CASA  
NATIONAL PROVIDER IDENTIFIER (NPI): 1932317146  
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	\$	353,988	\$ 161.64
Net Audit Adjustment		(40,111)	(18.32)
Audited Cost/Cost Per Day	\$	<u>313,877</u>	\$ <u>143.32</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.

Sonifo Madera  
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: Juliet Daniels, Owner  
La Casa  
P.O. BOX 513745  
Los Angeles, CA 90051

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

**Provider:**

LA CASA

**Fiscal Period:**

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**

1932317146

**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 )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>353,988</u>	\$ <u>313,877</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>161.64</u>	\$ <u>143.32</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LA CASA

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

Provider NPI:  
1932317146

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		\$	\$	\$ 0
050	Leases and Rentals	1, 4, 17, 18	51,332	(51,332)	0
055	Real Property Taxes		4,112		4,112
060	Personal Property Taxes				0
065	Mortgage Interest	1	0	27,996	27,996
070	Property Insurance		443		443
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 55,887	\$ (23,336)	\$ 32,551
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 8,047	\$	\$ 8,047
085	Utilities		8,592		8,592
090	Client Transportation (excluding Adult Day Services)		1,192		1,192
095	Dietary		19,261		19,261
100	Personal Care and Laundry		1,786		1,786
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,878	\$ 0	\$ 38,878
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 94,765	\$ (23,336)	\$ 71,429
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	2, 6	\$ 22,230	\$ (22,230)	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		41,725		41,725
130	Lead Fringe Benefits	16	0	2,527	2,527
135	Aides Salaries		81,416		81,416
140	Aides Fringe Benefits	16	0	4,931	4,931
145	Other Salaries	7	20,000	(20,000)	0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 165,371	\$ (34,772)	\$ 130,599

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LA CASA

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

Provider NPI:  
1932317146

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	8	\$ 2,076	\$ (1,376)	\$ 700
165	Speech Pathology Consultant	9, 19	2,650	(1,137)	1,513
170	Physical Therapy Consultant	10	2,060	(1,000)	1,060
175	Occupational Therapy Consultant		1,630		1,630
180	Pharmacist Consultant		885		885
185	Nurse Consultant	11, 20, 21	13,409	(2,461)	10,948
190	Psychologist Consultant	12	2,000	1,600	3,600
195	Physician Consultant				0
200	Recreational Consultant		1,630		1,630
205	Social Service Consultant				0
210	Other Consultant	2, 3, 13, 14	2,852	15,180	18,032
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 29,192	\$ 10,806	\$ 39,998
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 24,000	\$	\$ 24,000
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		40,660		40,660
230	Other General and Administrative*** (Excluding Adult Day Services)	3, 5, 15, 22	0	7,191	7,191
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 64,660	\$ 7,191	\$ 71,851
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 353,988	\$ (40,111)	\$ 313,877
	<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)		\$ 353,988	\$ (40,111)	\$ 313,877

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
LA CASA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1932317146		22
Adj. No.	Report References			Audit Report			Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
1	4	050	4	2	050	3	Leases and Rentals	\$51,332	(\$27,996)	\$23,336 *
	4	065	4	2	065	3	Mortgage Interest To reclassify mortgage interest expense to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.4	0	27,996	27,996
2	4.1	115	4	2	115	3	QMRP Salaries	\$22,230	(\$18,450)	\$3,780 *
	4.1	210	4	2	210	3	Other Consultant To reclassify QMRP consultant expense to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.4	2,852	18,450	21,302 *
3	4.1	210	4	2	210	3	Other Consultant	* \$21,302	(\$2,435)	\$18,867 *
	4.1	230	4	2	230	3	Other General and Administrative To reclassify administrative expenses to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.4	0	2,435	2,435 *

\*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	Provider NPI		Adjustments	
LA CASA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1932317146		22	
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.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
4	4	050	4	2	050	3	Leases and Rentals To eliminate mortgage interest expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$23,336	(\$12,667)	\$10,669 *
5	4.1	230	4	2	230	3	Other General and Administrative To include cost of the facility license not reported by the provider. 42 CFR 413.24 / CMS Pub. 15-1, Section 2102.2	*	\$2,435	\$3,064	\$5,499 *
6	4.1	115	4	2	115	3	QMRP Salaries To adjust QMRP expense 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	*	\$3,780	(\$3,780)	\$0
7	4.1	145	4	2	145	3	Other Salaries To eliminate other salaries expenses 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)		\$20,000	(\$20,000)	\$0
8	4.1	160	4	2	160	3	Dietician Consultant To adjust dietician consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$2,076	(\$1,376)	\$700
9	4.1	165	4	2	165	3	Speech Pathology Consultant To adjust speech pathology consultant expense 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		\$2,650	(\$344)	\$2,306 *
*Balance carried forward from prior/to subsequent adjustments										Page 2	

Provider Name							Fiscal Period	Provider NPI		Adjustments
LA CASA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1932317146		22
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.				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
10	4.1	170	4	2	170	3	Physical Therapy Consultant To adjust physical therapy consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,060	(\$1,000)	\$1,060
11	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense 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	\$13,409	(\$1,080)	\$12,329 *
12	4.1	190	4	2	190	3	Psychologist Consultant To adjust psychologist consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,000	\$1,600	\$3,600
13	4.1	210	4	2	210	3	Other Consultant To eliminate other consultant expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	* \$18,867	(\$235)	\$18,632 *
14	4.1	210	4	2	210	3	Other Consultant To eliminate medical biller expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$18,632	(\$600)	\$18,032
15	4.1	230	4	2	230	3	Other General and Administrative To include cost of the professional liability insurance expense not reported by the provider. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Section 2102.2 and 2304	* \$5,499	\$1,497	\$6,996 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
LA CASA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1932317146		22	
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					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
16	4.1	130	4	2	130	3	Lead Fringe Benefits	\$0	\$2,527	\$2,527	
	4.1	140	4	2	140	3	Aides Fringe Benefits	0	4,931	4,931	
							To include cost of the worker compensation expense not reported by the provider. 42 CFR 413.20 and 413.24/ CMS Pub. 15-1, Section 2102.2 and 2304				
17	4	050	4	2	050	3	Leases and Rentals	*	\$10,669	(\$453)	\$10,216 *
							To adjust reported mortgage interest expense to agree with the provider's records. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 202.2, 2300 and 2304				
18	4	050	4	2	050	3	Leases and Rentals	*	\$10,216	(\$10,216)	\$0
							To eliminate nonallowable principal expense. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Section 104.10, 2300 and 2304				
19	4.1	165	4	2	165	3	Speech Pathology Consultant	*	\$2,306	(\$793)	\$1,513
							To eliminate speech pathology consultant expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
20	4.1	185	4	2	185	3	Nurse Consultant	*	\$12,329	(\$300)	\$12,029 *
							To eliminate nurse consultant bonus expense that is only available to the employees. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2102.2, 2102.3, 2103, 2105.8 and 2144.3				

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
LA CASA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1932317146		22
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					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
21	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$12,029	(\$1,081)	\$10,948
22	4.1	230	4	2	230	3	Other General and Administrative To include cost of terrorism expense not reported by the provider. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Section 2102.2 and 2304	*	\$6,996	\$195	\$7,191

\*Balance carried forward from prior/to subsequent adjustments