

**REPORT
ON THE
RATE SETTING AUDIT**

**ORMISTA HOUSE
MORENO VALLEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1912056888**

**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: Lan Nguyen
Auditor: Vanessa Hu**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: December 18, 2012

Carl E. Rowe, President
Developmental Client Care Industries, Inc.
11751 Davis Street
Moreno Valley, CA 92557

ORMISTA HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1912056888
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	\$	380,688	\$ 173.83
Net Audit Adjustment		(14,598)	(6.67)
Audited Cost/Cost Per Day	\$	<u>366,090</u>	\$ <u>167.16</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.

Carl E. Rowe
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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:
ORMISTA HOUSE

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

Provider NPI:
1912056888

**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>380,688</u>	\$ <u>366,090</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>173.83</u>	\$ <u>167.16</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:
ORMISTA HOUSE

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

Provider NPI:
1912056888

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	\$ 2,682	\$ (716)	\$ 1,966
050	Leases and Rentals				0
055	Real Property Taxes		1,499		1,499
060	Personal Property Taxes		19		19
065	Mortgage Interest	5	15,487	(13,113)	2,374
070	Property Insurance	3	328	571	899
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 20,015	\$ (13,258)	\$ 6,757
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 10,276	\$ (983)	\$ 9,293
085	Utilities		6,687		6,687
090	Client Transportation (excluding Adult Day Services)		11,800		11,800
095	Dietary		12,681		12,681
100	Personal Care and Laundry		3,435		3,435
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,879	\$ (983)	\$ 43,896
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 64,894	\$ (14,241)	\$ 50,653
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,456	\$	\$ 15,456
120	QMRP Fringe Benefits		3,150		3,150
125	Lead Salaries		46,360		46,360
130	Lead Fringe Benefits		14,111		14,111
135	Aides Salaries		78,555		78,555
140	Aides Fringe Benefits		20,582		20,582
145	Other Salaries		18,478		18,478
150	Other Fringe Benefits		5,409		5,409
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 202,101	\$ 0	\$ 202,101

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ORMISTA HOUSE

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

Provider NPI:
1912056888

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,297	\$	\$ 1,297
165	Speech Pathology Consultant	2	1,166	(71)	1,095
170	Physical Therapy Consultant	2	990	176	1,166
175	Occupational Therapy Consultant	2	1,095	(105)	990
180	Pharmacist Consultant		520		520
185	Nurse Consultant				0
190	Psychologist Consultant		1,753		1,753
195	Physician Consultant		486		486
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,307	\$ 0	\$ 7,307
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 25,307	\$	\$ 25,307
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		20,649		20,649
230	Other General and Administrative*** (Excluding Adult Day Services)	3,6,7	60,430	(357)	60,073
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 106,386	\$ (357)	\$ 106,029
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 380,688	\$ (14,598)	\$ 366,090
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		170,102		170,102
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 550,790	\$ (14,598)	\$ 536,192

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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					
ORMISTA HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1912056888		7					
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Col.	Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report								
1	4.1	245	4	2	245	1			\$380,687	\$170,102	\$550,789
<p>Total Expenses To adjust the flow through amount. 42 CFR 413:20 and 413:24 / CMS Pub. 15-1, Sections 2300 and 2304</p>											
<u>MEMORANDUM ADJUSTMENT</u>											

Provider Name		Fiscal Period		Provider NPI		Adjustments			
ORMISTA HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1912056888		7			
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.					
RECLASSIFICATIONS OF REPORTED COSTS									
2	4.1	165	4	2	165	3	\$1,166	(\$71)	\$1,095
	4.1	170	4	2	170	3	990	176	1,166
	4.1	175	4	2	175	3	1,095	(105)	990
Explanation of Audit Adjustments To reclassify the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
3	4	080	4	2	080	3	\$10,276	(\$983)	\$9,293
	4	070	4	2	070	3	328	571	899
	4.1	230	4	2	230	3	60,430	412	60,842 *
Home Operations and Maintenance Property Insurance Other General and Administrative To reclassify general liability insurance and earthquake insurance expenses to the appropriate cost centers for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8									

*Balance carried forward from prior/to subsequent adjustments

