

**REPORT  
ON THE  
RATE SETTING AUDIT**

**ROSE LU ANN HOME - REGULUS  
BUENA PARK, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1770669327**

**FISCAL PERIOD ENDED  
FYE: 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: Henry Igboke  
Auditor: May Liu**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Date: December 06, 2012

Rosalinda Ulit, President  
Rose Luann Home, Inc.  
5101 Ridglea Ave  
Buena Park, CA 90621

ROSE LU ANN HOME - REGULUS  
NATIONAL PROVIDER IDENTIFIER (NPI) 1770669327  
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	\$	417,780	\$ 204.19
Net Audit Adjustment		(174,836)	(92.49)
Audited Cost/Cost Per Day	\$	<u>242,944</u>	\$ <u>111.70</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.

Rosalinda Ulit  
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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:**  
ROSE LU ANN HOME - REGULUS

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

**Provider NPI:**  
1770669327

**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 22)	2,046	0
2. Medi-Cal Managed Care Days (Adj 23)	0	2,175
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,046</u>	<u>2,175</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>417,780</u>	\$ <u>242,944</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>204.19</u>	\$ <u>111.70</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>          </u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>          </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ROSE LU ANN HOME - REGULUS

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

Provider NPI:  
1770669327

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	5	\$ 15,032	\$ (15,032)	\$ 0
050	Leases and Rentals	2,6	36,000	(36,000)	0
055	Real Property Taxes	7	0	3,274	3,274
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	8	12,968	(5,241)	7,727
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 64,000	\$ (52,999)	\$ 11,001
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	9	\$ 9,960	\$ (9,960)	\$ 0
085	Utilities		8,987		8,987
090	Client Transportation (excluding Adult Day Services)	2,10	7,248	(7,248)	0
095	Dietary	3,11,12	20,524	(9,543)	10,981
100	Personal Care and Laundry	13,14	4,982	(2,159)	2,823
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 51,701	\$ (28,910)	\$ 22,791
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 115,701	\$ (81,909)	\$ 33,792
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	15,16	\$ 18,463	\$ (4,043)	\$ 14,420
120	QMRP Fringe Benefits				0
125	Lead Salaries	3,17	34,043	25,427	59,470
130	Lead Fringe Benefits	4	1,440	4,011	5,451
135	Aides Salaries	18	93,474	(53,442)	40,032
140	Aides Fringe Benefits	4	5,760	(2,091)	3,669
145	Other Salaries	19	58,400	(58,400)	0
150	Other Fringe Benefits	4	1,920	(1,920)	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 213,500	\$ (90,458)	\$ 123,042

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ROSE LU ANN HOME - REGULUS

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

Provider NPI:  
1770669327

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		\$ 1,700	\$	\$ 1,700
165	Speech Pathology Consultant	20	1,800	(1,800)	0
170	Physical Therapy Consultant		1,320		1,320
175	Occupational Therapy Consultant		960		960
180	Pharmacist Consultant		475		475
185	Nurse Consultant		15,600		15,600
190	Psychologist Consultant		2,400		2,400
195	Physician Consultant				0
200	Recreational Consultant		1,008		1,008
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 25,263	\$ (1,800)	\$ 23,463
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 33,000	\$	\$ 33,000
225	Administrative Fringe Benefits		2,184		2,184
226	Quality Assurance Fees (excluding Adult Day Services)		22,162		22,162
230	Other General and Administrative*** Adult Day Services) (Excluding	21	5,970	(669)	5,301
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 63,316	\$ (669)	\$ 62,647
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 417,780	\$ (174,836)	\$ 242,944
	<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)		\$ 417,780	\$ (174,836)	\$ 242,944

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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
ROSE LU ANN HOME - REGULUS							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1770669327		23
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><u>MEMORANDUM ADJUSTMENT</u></b>											
1	4.1	245	4	2	245	1	Total Expenses	\$417,850	(\$70)	\$417,780	
							To correct total expenses on Line 245, Column 2 that did not foot.				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2300 and 2304				

Provider Name							Fiscal Period	Provider NPI	Adjustments	
ROSE LU ANN HOME - REGULUS							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770669327	23	
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><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
2	4	50	4	2	50	3	Leases and Rentals	\$36,000	(\$2,400)	\$33,600 *
	4	90	4	2	90	3	Client Transportatior To reclassify van rental expense to the appropriate cost cente 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	7,248	2,400	9,648 *
3	4	95	4	2	95	3	Dietary	\$20,524	(\$3,400)	\$17,124 *
	4.1	125	4	2	125	3	Lead Salaries To reclassify lead salaries to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	34,043	3,400	37,443 *
4	4.1	130	4	2	130	3	Lead Benefits	\$1,440	\$4,011	\$5,451
	4.1	140	4	2	140	3	Aides Benefits	5,760	(2,091)	3,669
	4.1	150	4	2	150	3	Other Benefits To reclassify benefits expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	1,920	(1,920)	0

Provider Name				Fiscal Period				Provider NPI		Adjustments
ROSE LU ANN HOME - REGULUS				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1770669327		23
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
5	4	45	4	2	45	3	Depreciation and Amortization To eliminate depreciation expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)	\$15,032	(\$15,032)	\$0
6	4	50	4	2	50	3	Leases and Rentals To eliminate lease expense paid to a related party. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300 and 2304	* \$33,600	(\$33,600)	\$0
7	4	55	4	2	55	3	Real Property Taxes To include property tax in lieu of related party lease. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 1011.5, 2300, and 2304	\$0	\$3,274	\$3,274
8	4	70	4	2	70	3	Property Insurance To reconcile the reported property insurance expense to agree with the provider's most recent documented property insurance bills. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$12,968	(\$5,241)	\$7,727
9	4	80	4	2	80	3	Home Operations and Maintenance To eliminate home operations and maintenance expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)	\$9,960	(\$9,960)	\$0

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
ROSE LU ANN HOME - REGULUS				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1770669327		23	
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
10	4	90	4	2	90	3	Client Transportation To eliminate van rental expense paid to a related party. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300 and 2304	*	\$9,648	(\$9,648)	\$0
11	4	95	4	2	95	3	Dietary  To eliminate prior year's grocery expense. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	*	\$17,124	(1,463)	
12							To eliminate dietary expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)			(4,680) (\$6,143)	\$10,981
13	4	100	4	2	100	3	Personal Care and Laundry  To eliminate home operations and maintenance expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)		\$4,982	(1,880)	
14							To eliminate beauty salon expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3			(279) (\$2,159)	\$2,823

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
ROSE LU ANN HOME - REGULUS							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770669327		23
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
15	4.1	115	4	2	115	3	QMRP Salaries	\$18,463		
							To eliminate prior year's QMRP expense. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304		(2,100)	
16							To eliminate QMRP expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)		<u>(1,943)</u>	\$14,420
									(\$4,043)	
17	4.1	125	4	2	125	3	Lead Salaries	* \$37,443	\$22,027	\$59,470
							To adjust the reported lead salaries to agree with the provider's W-2 Forms. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
18	4.1	135	4	2	135	3	Aides Salaries	\$93,474	(\$53,442)	\$40,032
							To adjust the reported aides salaries to agree with the provider's W-2 Forms. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
19	4.1	145	4	2	145	3	Other Salaries	\$58,400	(\$58,400)	\$0
							To eliminate other salary 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)			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
ROSE LU ANN HOME - REGULUS				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1770669327		23
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
20	4.1	165	4	2	165	3	Speech Pathology Consultant To eliminate speech pathology consultant expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)	\$1,800	(\$1,800)	\$0
21	4.1	230	4	2	230	3	Other General and Administrative To eliminate donation cost not related to patient care. 42 CFR 413.5(c)(7) and 413.9 CMS Pub. 15-1, Sections 608, 610, and 2102.3	\$5,970	(\$669)	\$5,301

Provider Name				Fiscal Period				Provider NPI		Adjustments
ROSE LU ANN HOME - REGULUS				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1770669327		23
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><u>ADJUSTMENTS TO REPORTED PATIENT DAYS</u></b>										
22	2	3	N/A	1	1	N/A	Client Days To adjust reported Medi-Cal Nursing Facility days to agree with the following Fiscal Intermediary Payment Data: Report Date: August 28, 2012 Payment Period: January 1, 2011 through August 1, 2012 Service Period: January 1, 2011 through December 31, 2011 42 CFR, 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2304, 2404 and 2408 CCR, Title 22, Section 51541	2,046	(2,046)	0
23	Not Reported			1	2	N/A	Medi-Cal Managed Care Days To include Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	2,175	2,175