

**REPORT  
ON THE  
RATE SETTING AUDIT  
SURFRIDER HOME  
SIMI VALLEY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1184751232  
FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Henry Kwan  
Auditor: Tabusum Faridi**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 27, 2013

Matthew Steinorth  
Executive Director  
Epiphany Care Homes, Inc.  
1331 Doris Avenue  
Oxnard, California 93030

SURFRIDER HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1184751232  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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	\$	364,473	\$ 166.43
Net Audit Adjustment		<u>(26,010)</u>	<u>(11.88)</u>
Audited Cost/Cost Per Day	\$	<u>338,463</u>	\$ <u>154.55</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—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

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

**Provider:**  
SURFRIDER HOME

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

**Provider NPI:**  
1184751232

**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	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>364,473</u>	\$ <u>338,463</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.43</u>	\$ <u>154.55</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:  
SURFRIDER HOME

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

Provider NPI:  
1184751232

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	1,4	\$ 0	\$ 0	\$ 0
050	Leases and Rentals		32,400		32,400
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 32,400	\$ 0	\$ 32,400
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	5,6	\$ 5,706	\$ (751)	\$ 4,955
085	Utilities		10,228		10,228
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		10,243		10,243
100	Personal Care and Laundry		3,447		3,447
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 29,624	\$ (751)	\$ 28,873
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,024	\$ (751)	\$ 61,273
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 23,990	\$	\$ 23,990
120	QMRP Fringe Benefits		2,163		2,163
125	Lead Salaries		24,465		24,465
130	Lead Fringe Benefits		2,206		2,206
135	Aides Salaries		107,793		107,793
140	Aides Fringe Benefits		9,720		9,720
145	Other Salaries		9,594		9,594
150	Other Fringe Benefits		865		865
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 180,796	\$ 0	\$ 180,796

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SURFRIDER HOME

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

Provider NPI:  
1184751232

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		\$ 900	\$	\$ 900
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		560		560
175	Occupational Therapy Consultant	7	1,365	(293)	1,072
180	Pharmacist Consultant		0		0
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		2,950		2,950
200	Recreational Consultant		0		0
205	Social Service Consultant		300		300
210	Other Consultant	8	100	(100)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,175	\$ (393)	\$ 5,782
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **	3	\$ (896)	\$ 896	\$ 0
225	Administrative Fringe Benefits	3	(81)	81	0
226	Quality Assurance Fees (excluding Adult Day Services)	9	27,177	(11,327)	15,850
230	Other General and Administrative*** Adult Day Services) (Excluding	1,2,3,10	89,278	(14,516)	74,762
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 115,478	\$ (24,866)	\$ 90,612
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 364,473	\$ (26,010)	\$ 338,463
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation	2	190,548	2,858	193,406
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 555,021	\$ (23,152)	\$ 531,869

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		
SURFRIDER HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184751232	10		
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>											
1	4.1	230	4	2	230	3	Other General and Administrative	\$89,278	(\$1,286)	\$87,992 *	
	4	045	4	2	045	3	Depreciation and Amortization To reclassify depreciation 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 2302.8	0	1,286	1,286 *	
2	4.1	230	4	2	230	3	Other General and Administrative	* \$87,992	(\$2,858)	\$85,134 *	
	4.1	241	4	2	241	3	Adult Day Services and Related Transportation To reclassify RC Admin fees 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 2302.8	190,548	2,858	193,406	
3	4.1	230	4	2	230	3	Other General and Administrative	* \$85,134	(\$977)	\$84,157 *	
	4.1	220	4	2	220	3	Administrative Salaries	(896)	896	0	
	4.1	225	4	2	225	3	Administrative Fringe Benefits To reclassify administrative expenses for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	(81)	81	0	

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SURFRIDER HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184751232		10	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
4	4	045	4	2	045	3	Depreciation and Amortization To eliminate depreciation 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)	*	\$1,286	(\$1,286)	\$0
	4	080	4	2	080	3	Home Operations and Maintenance		\$5,706		
5							To eliminate prior year First American expenses not related to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306			(\$55)	
6							To eliminate First American expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			<u>(696)</u> <u>(\$751)</u>	\$4,955
7	4.1	175	4	2	175	3	Occupational Therapy Consultant To reconcile occupational therapy expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$1,365	(\$293)	\$1,072
8	4.1	210	4	2	210	3	Other Consultant To eliminate dental costs not included in the routine rate. CMS Pub.15-1, Section 2104.4 CCR, Title 22, 51510.3		\$100	(\$100)	\$0
9	4.1	226	4	2	226	3	Quality Assurance Fees To adjust quality assurance fees to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$27,177	(\$11,327)	\$15,850
*Balance carried forward from prior/to subsequent adjustments											

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SURFRIDER HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184751232		10	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<b><u>ADJUSTMENT TO REPORTED COSTS</u></b>											
10	4.1	230	4	2	230	3	Other General and Administrative To eliminate workers' compensation insurance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$84,157	(\$9,395)	\$74,762

\*Balance carried forward from prior/to subsequent adjustments