

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MINOS HOME  
MISSION VIEJO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1457428427**

**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: Anita Kar**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Date: July 9, 2013

Eleanor Del Rosario, President  
LRC Homes, Inc. and Lonika Homes, Inc.  
24821 Argus Drive  
Mission Viejo, CA 92691

MINOS HOME  
NATIONAL PROVIDER IDENTIFIER: 1457428427  
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	\$	356,943	\$ 165.71
Net Audit Adjustment		(94,715)	( 44.42)
Audited Cost/Cost Per Day	\$	<u>262,228</u>	\$ <u>121.29</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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.

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.

Eleanor Del Rosario  
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If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

*(Original signed by Margaret A. 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:**  
MINOS HOME

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

**Provider NPI:**  
1457428427

**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 11)	2,154	0
2. Medi-Cal Managed Care Days (Adj 11)	0	2,162
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,154</u>	<u>2,162</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>356,943</u>	\$ <u>262,228</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>165.71</u>	\$ <u>121.29</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:  
MINOS HOME

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

Provider NPI:  
1457428427

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	2, 3, 4	\$ 4,241	\$ 3,668	\$ 7,909
050	Leases and Rentals		0		0
055	Real Property Taxes		5,649		5,649
060	Personal Property Taxes		0		0
065	Mortgage Interest	9	21,186	(6,568)	14,618
070	Property Insurance	5	1,039	(160)	879
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 32,115	\$ (3,060)	\$ 29,055
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	7, 8	\$ 25,997	\$ (24,501)	\$ 1,496
085	Utilities	8	7,359	(221)	7,138
090	Client Transportation (excluding Adult Day Services)	1, 2, 8	5,497	(4,881)	616
095	Dietary	8	20,763	36	20,799
100	Personal Care and Laundry		621		621
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 60,237	\$ (29,567)	\$ 30,670
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 92,352	\$ (32,627)	\$ 59,725
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	10	\$ 22,265	\$ (2,085)	\$ 20,180
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	8	18,865	9,086	27,951
130	Lead Fringe Benefits		0		0
135	Aides Salaries	8	104,831	(10,617)	94,214
140	Aides Fringe Benefits	8	177	(127)	50
145	Other Salaries	8	10,264	(10,264)	0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 156,402	\$ (14,007)	\$ 142,395

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MINOS HOME

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

Provider NPI:  
1457428427

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		\$ 1,800	\$	\$ 1,800
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		1,186		1,186
175	Occupational Therapy Consultant		844		844
180	Pharmacist Consultant		694		694
185	Nurse Consultant	6	11,211	126	11,337
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		1,323		1,323
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 17,058	\$ 126	\$ 17,184
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	8	\$ 39,239	\$ (19,427)	\$ 19,812
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		0		0
230	Other General and Administrative*** Adult Day Services) (Excluding	8	51,892	(28,780)	23,112
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 91,131	\$ (48,207)	\$ 42,924
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 356,943	\$ (94,715)	\$ 262,228
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation	1	0	1,629	1,629
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 356,943	\$ (93,086)	\$ 263,857

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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
MINOS HOME							JANUARY 01, 2011 THROUGH DECEMBER 31, 2011	1457428427		11
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>										
1	4	090	4	2	090	3	Client Transportation	\$5,497	(\$1,629)	\$3,868 *
	4.1	241	4	2	241	3	Adult Day Services and Related Transportation To reclassify adult day services and related transportation 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 2302.8	0	1,629	1,629
2	4	045	4	2	045	3	Depreciation and Amortization	\$4,241	(\$616)	\$3,625 *
	4	090	4	2	090	3	Client Transportation To reclassify van conversion 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	* 3,868	616	4,484 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MINOS HOME							JANUARY 01, 2011 THROUGH DECEMBER 31, 2011	1457428427		11	
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>											
3	4	045	4	2	045	3	Depreciation and Amortization To adjust for a change in useful life to agree with the American Hospit Association Guidelines and due to insufficient documentation 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2132, 2300 and 2304	*	\$3,625	(\$1,274)	\$2,351 *
4	4	045	4	2	045	3	Depreciation and Amortization To reconcile the building depreciation expense to agree with the audited expense based on the estimated useful lives of depreciable hospital assets. 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	*	\$2,351	\$5,558	\$7,909
5	4	070	4	2	070	3	Property Insurance To reconcile property insurance expense to the paid invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$1,039	(\$160)	\$879
6	4.1	185	4	2	185	3	Nurse Consultant To reconcile the nurse consultant expenses to agree with the invoices and paid checks. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$11,211	\$126	\$11,337
7	4	080	4	2	080	3	Home Operations and Maintenance To eliminate repairs and maintenance expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$25,997	(\$245)	\$25,752 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MINOS HOME							JANUARY 01, 2011 THROUGH DECEMBER 31, 2011	1457428427		11	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
8	4	080	4	2	080	3	Home Operations and Maintenance	*	\$25,752	(\$24,256)	\$1,496
	4	085	4	2	085	3	Utilities		7,359	(221)	7,138
	4	090	4	2	090	3	Client Transportation	*	4,484	(3,868)	616
	4	095	4	2	095	3	Dietary		20,763	36	20,799
	4.1	125	4	2	125	3	Lead Salaries		18,865	9,086	27,951
	4.1	135	4	2	135	3	Aides Salaries		104,831	(10,617)	94,214
	4.1	140	4	2	140	3	Aides Fringe Benefits		177	(127)	50
	4.1	145	4	2	145	3	Other Salaries		10,264	(10,264)	0
	4.1	220	4	2	220	3	Administrative Salaries		39,239	(19,427)	19,812
	4.1	230	4	2	230	3	Other General and Administrative		51,892	(28,780)	23,112
							To adjust reported home office costs to agree with the LRC Homes, Inc. and Lonika Homes, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24/ CMS Pub. 15-1, Sections 2150.2 and 2304				
9	4	065	4	2	065	3	Mortgage Interest		\$21,186	(\$6,568)	\$14,618
							To adjust mortgage interest expense based on the county assessed value of the property. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 202.2, 2300, and 2304				
10	4.1	115	4	2	115	3	QMRP Salaries		\$22,265	(\$2,085)	\$20,180
							To reconcile the reported expenses to agree with the provider's issued 1099 Miscellaneous Income record. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
MINOS HOME							JANUARY 01, 2011 THROUGH DECEMBER 31, 2011		1457428427		11
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b>											
11	2	3	1	1	1	N/A	Medi-Cal Client Days	2,154	(2,154)	0	
	2	3	2	1	2	N/A	Medi-Cal Managed Care Days	0	2,162	2,162	
	2	3	4	1	4	N/A	Total Client Days	2,154	8	2,162	
							To adjust Medi-Cal and Medi-Cal Managed Care Days to agree with the provider's patient census reports and to include bed hold or leave days. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2205.4 and 2304 CCR, Title 22, Sections 51535(a) and 51535(b)				