

**REPORT
ON THE
RATE SETTING AUDIT**

**MATHARU ASSISTED LIVING, INC. #3
GARDENA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1346407871**

**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: Cyrus C. Lam
Auditor: Nancy Nguyen**



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



EDMUND G. BROWN, JR.
GOVERNOR

October 19, 2012

Dave Matharu, Administrator
Matharu Assisted Living, Inc. #3
2420 West 156th Street
Gardena, CA 90249

MATHARU ASSISTED LIVING, INC. #3
NATIONAL PROVIDER IDENTIFIER: 1346407871
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 | \$ | 354,261 | \$ 161.76 |
| Net Audit Adjustment | | <u>(1,987)</u> | <u>(0.90)</u> |
| Audited Cost/Cost Per Day | \$ | <u>352,274</u> | \$ <u>160.86</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.

Dave Matharu
Page 2

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
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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 95814-5005
(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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Enclosure
Certified

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

Provider:
MATHARU ASSISTED LIVING, INC. #3

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

Provider NPI:
1346407871

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

| | AS REPORTED | AS AUDITED |
|--|------------------------|-----------------------|
| 1. Medi-Cal Client Days (Adj 9) | 0 | 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>354,261</u> | \$ <u>352,274</u> |
| 6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | \$ <u>161.76</u> | \$ <u>160.86</u> |

SHARE OF COST

| | | |
|--|--------------|-------------|
| 1. Share of Cost Audit Adjustment (Adj) | \$ <u>NA</u> | \$ <u>0</u> |
|--|--------------|-------------|

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:
MATHARU ASSISTED LIVING, INC. #3

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

Provider NPI:
1346407871

| 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 | | \$ 5,589 | | \$ 5,589 |
| 050 | Leases and Rentals | | 0 | | 0 |
| 055 | Real Property Taxes | | 4,210 | | 4,210 |
| 060 | Personal Property Taxes | | 0 | | 0 |
| 065 | Mortgage Interest | 1 | 5,126 | (720) | 4,406 |
| 070 | Property Insurance | | 409 | | 409 |
| 075 | TOTAL PROPERTY EXPENSES (Lines 045 through 070) | | \$ 15,334 | \$ (720) | \$ 14,614 |
| | Basic Facility Cost - General Home Expenses | | | | |
| 080 | Home Operations and Maintenance | 2,3 | \$ 11,499 | \$ 873 | \$ 12,372 |
| 085 | Utilities | | 6,183 | | 6,183 |
| 090 | Client Transportation (excluding Adult Day Services) | 4 | 7,434 | (173) | 7,261 |
| 095 | Dietary | | 15,755 | | 15,755 |
| 100 | Personal Care and Laundry | | 6,972 | | 6,972 |
| 105 | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100) | | \$ 47,843 | \$ 700 | \$ 48,543 |
| 110 | TOTAL BASIC FACILITY COST (Lines 075 plus 105) | | \$ 63,177 | \$ (20) | \$ 63,157 |
| | EXPENSES: DIRECT CARE STAFF COSTS | | | | |
| 115 | QMRP Salaries | | \$ 17,430 | | \$ 17,430 |
| 120 | QMRP Fringe Benefits | | 0 | | 0 |
| 125 | Lead Salaries | | 35,344 | | 35,344 |
| 130 | Lead Fringe Benefits | 5 | 5,316 | (802) | 4,514 |
| 135 | Aides Salaries | | 105,973 | | 105,973 |
| 140 | Aides Fringe Benefits | | 16,486 | | 16,486 |
| 145 | Other Salaries | | 0 | | 0 |
| 150 | Other Fringe Benefits | | 0 | | 0 |
| 155 | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) | | \$ 180,549 | \$ (802) | \$ 179,747 |

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MATHARU ASSISTED LIVING, INC. #3

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

Provider NPI:
1346407871

| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|----------|--|---------|--------------------|-------------------------|-------------------|
| | EXPENSES: CONSULTANT COSTS | | | | |
| 160 | Dietician Consultant | | \$ 311 | \$ | \$ 311 |
| 165 | Speech Pathology Consultant | | 1,590 | | 1,590 |
| 170 | Physical Therapy Consultant | | 2,530 | | 2,530 |
| 175 | Occupational Therapy Consultant | | 630 | | 630 |
| 180 | Pharmacist Consultant | | 21 | | 21 |
| 185 | Nurse Consultant | | 14,400 | | 14,400 |
| 190 | Psychologist Consultant | 6 | 2,351 | (370) | 1,981 |
| 195 | Physician Consultant | | 0 | | 0 |
| 200 | Recreational Consultant | | 0 | | 0 |
| 205 | Social Service Consultant | | 0 | | 0 |
| 210 | Other Consultant | | 0 | | 0 |
| 215 | TOTAL CONSULTANT COST (Lines 160 through 210) | | \$ 21,833 | \$ (370) | \$ 21,463 |
| | EXPENSES: ADMINISTRATIVE COSTS | | | | |
| 220 | Administrative Salaries ** | | \$ | \$ | \$ 0 |
| 225 | Administrative Fringe Benefits | | | | 0 |
| 226 | Quality Assurance Fees (excluding Adult Day Services) | | 19,067 | | 19,067 |
| 230 | Other General and Administrative*** (Excluding Adult Day Services) | 7,8 | 69,635 | (795) | 68,840 |
| 235 | TOTAL ADMINISTRATIVE COST (Lines 220 through 230) | | \$ 88,702 | \$ (795) | \$ 87,907 |
| | TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235) | | \$ 354,261 | \$ (1,987) | \$ 352,274 |
| | | | (To Sch. 1) | | (To Sch. 1) |
| | NON-CLIENT CARE EXPENSES | | | | |
| 240 | Non-Program Services | | \$ | \$ | \$ 0 |
| 241 | Adult Day Services and Related Transportation | | 0 | | 0 |
| 245 | TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241) | | \$ 354,261 | \$ (1,987) | \$ 352,274 |

Page 2 of 2

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 23C

| Provider Name | | Fiscal Period | | | | Provider NPI | | Adjustments | | |
|--------------------------------------|-----------------------|---|------|------|------|--------------|--|-------------|---------------------|-------------|
| MATHARU ASSISTED LIVING, INC. #3 | | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | | | | 1346407871 | | 9 | | |
| Adj. No. | MC530 Page or Exhibit | Report References | | | Line | Sub No | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | Cost Report | Line | Col. | | | | | | |
| ADJUSTMENTS TO REPORTED COSTS | | | | | | | | | | |
| 1 | 4 | 65 | 4 | 2 | 65 | | Mortgage Interest To eliminate interest expense not related to patient car 42 CFR 413.153 / CMS Pub. 15-1, Sections 202.1, 204 and 1011.5 | \$5,126 | (\$720) | \$4,406 |
| 2 | 4 | 80 | 4 | 2 | 80 | | Home Operations and Maintenance To eliminate prior year home operation expens 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306 | \$11,499 | (\$147) | \$11,352 * |
| 3 | 4 | 80 | 4 | 2 | 80 | | Home Operations and Maintenance To reverse the provider's adjustment of home operation expens 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 | \$11,352 * | \$1,020 | \$12,372 |
| 4 | 4 | 90 | 4 | 2 | 90 | | Client Transportator To eliminate interest expense not related to patient car 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105 | \$7,434 | (\$173) | \$7,261 |
| 5 | 4.1 | 130 | 4 | 2 | 130 | | Lead Benefits To eliminate lead benefits to agree with the provider's recor 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 | \$5,316 | (\$802) | \$4,514 |
| 6 | 4.1 | 190 | 4 | 2 | 190 | | Psychologist Consultant To eliminate prior year psychologist consultant expens 42 CFR 413.5 and 413.24 /CMS Pub. 15-1, Section 2300 and 2302.5 | \$2,351 | (\$370) | \$1,981 |

*Balance carried forward from prior/ to subsequent adjustmen

| Provider Name | | Fiscal Period | | | | Provider NPI | | Adjustments | | |
|--|-----------------------|---|------|--------------|------|--------------|-------------|---------------------|-------------|--|
| MATHARU ASSISTED LIVING, INC. #3 | | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | | | | 1346407871 | | | | |
| | | Report References | | | | | | | | |
| | | Cost Report | | Audit Report | | | | | | |
| Adj. No. | MC530 Page or Exhibit | Line | Col. | Sch. | Line | Sub No | As Reported | Increase (Decrease) | As Adjusted | |
| 7 | 4.1 | 230 | 4 | 2 | 230 | | \$69,635 | (\$62) | \$69,573 * | |
| Other General and Administrative To eliminate California Association of Healthcare Facilities contributions not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2139, 2300 and 2304 | | | | | | | | | | |
| 8 | 4.1 | 230 | 4 | 2 | 230 | | 69,573 | (733) | 68,840 | |
| Other General and Administrative To eliminate facility license fees not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1 | | | | | | | | | | |

ADJUSTMENTS TO REPORTED COSTS

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | Fiscal Period | | | | Provider NPI | | Adjustments | |
|--|-----------------------|---|------|------|------|--------------|-------------|---------------------|-------------|
| MATHARU ASSISTED LIVING, INC. #3 | | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | | | | 1346407871 | | 9 | |
| Report References | | | | | | | | | |
| Cost Report | | Audit Report | | | | | | | |
| Adj. No. | MC530 Page or Exhibit | Line | Col. | Sch. | Line | Sub No | As Reported | Increase (Decrease) | As Adjusted |
| 9 | 2 | 3 | 3 | 1 | 1 | | 0 | 2,190 | 2,190 |
| <p>ADJUSTMENT TO REPORTED STATISTICS</p> <p>Total Medi-Cal Client Days To adjust reported Medi-Cal Client Days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through July 31, 2012 Report Date: August 17, 2012 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541</p> | | | | | | | | | |