

**REPORT
ON THE
RATE SETTING AUDIT**

**LOYD'S LIBERTY HOMES, INC. - KROLL
BAKERSFIELD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1982812939**

**FISCAL PERIOD ENDED
SEPTEMBER 30, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Wendy Oney**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 11, 2012

Peter Kurylo
Vice President / CFO
Loyd's Liberty Homes, Inc.
9166 Anaheim Place, Suite 200
Rancho Cucamonga, CA 91730

LOYD'S LIBERTY HOMES, INC. - KROLL
NATIONAL PROVIDER IDENTIFIER (NPI) 1982812939
FISCAL PERIOD ENDED SEPTEMBER 30, 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	\$	483,109		\$ 220.70
Net Audit Adjustment		<u>(3,010)</u>		<u>(1.38)</u>
Audited Cost/Cost Per Day	\$	<u>480,099</u>		\$ <u>219.32</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.

Peter Kurylo
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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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

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

Provider:
LOYD'S LIBERTY HOMES, INC. - KROLL

Fiscal Period:
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Provider NPI:
1982812939

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,186	2,186
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	3	3
4. Total Client Days	<u>2,189</u>	<u>2,189</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>483,109</u>	\$ <u>480,099</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>220.70</u>	\$ <u>219.32</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:
LOYD'S LIBERTY HOMES, INC. - KROLL

Fiscal Period:
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Provider NPI:
1982812939

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	1	\$ 732	\$ (658)	\$ 74
050	Leases and Rentals		27,600		27,600
055	Real Property Taxes		3,102		3,102
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,434	\$ (658)	\$ 30,776
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 10,602	\$	\$ 10,602
085	Utilities	2	14,564	(671)	13,893
090	Client Transportation (excluding Adult Day Services)		7,511		7,511
095	Dietary		12,758		12,758
100	Personal Care and Laundry	3,4,5	14,999	(1,681)	13,318
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 60,434	\$ (2,352)	\$ 58,082
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 91,868	\$ (3,010)	\$ 88,858
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 31,387	\$	\$ 31,387
120	QMRP Fringe Benefits		8,154		8,154
125	Lead Salaries		7,852		7,852
130	Lead Fringe Benefits		2,040		2,040
135	Aides Salaries		106,072		106,072
140	Aides Fringe Benefits		27,555		27,555
145	Other Salaries		77,426		77,426
150	Other Fringe Benefits		20,112		20,112
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 280,598	\$ 0	\$ 280,598

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOYD'S LIBERTY HOMES, INC. - KROLL

Fiscal Period:
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

Provider NPI:
1982812939

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,652	\$	\$ 1,652
165	Speech Pathology Consultant		1,333		1,333
170	Physical Therapy Consultant		360		360
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		450		450
195	Physician Consultant				0
200	Recreational Consultant		1,500		1,500
205	Social Service Consultant				0
210	Other Consultant		2,700		2,700
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,995	\$ 0	\$ 7,995
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 4,556	\$	\$ 4,556
225	Administrative Fringe Benefits		1,184		1,184
226	Quality Assurance Fees (excluding Adult Day Services)		25,471		25,471
230	Other General and Administrative*** (excluding Adult Day Services)		71,437		71,437
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 102,648	\$ 0	\$ 102,648
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 483,109	\$ (3,010)	\$ 480,099
	NON-CLIENT CARE EXPENSES		(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)		\$ 483,109	\$ (3,010)	\$ 480,099

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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		
LOYD'S LIBERTY HOMES, INC. - KROLL		OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011				1982812939				
Adj. No.	Report References		Line	Col.	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report								
1	4	045	4	2	045	3		\$732	(\$658)	\$74
<p>Depreciation and Amortization To adjust for a change in useful life to agree with the American Hospital Association Guidelines 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300, and 2304</p>										
2	4	085	4	2	085	3		\$14,564	(\$671)	\$13,893
<p>Utilities To adjust utility expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306</p>										
3	4	100	4	2	100	3		\$14,999	(\$420)	
<p>Personal Care and Laundry To eliminate prior year personal care expense. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306</p>										
4									(381)	
<p>To eliminate personal care expense due to lack of documentation. 42 CFR 413.20, 413.24, and 413.107 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)</p>										
5									(880)	\$13,318
<p>To eliminate personal care expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>										