REPORT
ON THE
RATE SETTING AUDIT

CIRCLEBROOK
LOMA LINDA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1669509402

FISCAL PERIOD ENDED
DECEMBER 31, 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: Daniela Bita Mocanu

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

June 7, 2013

Cynthia Capetillo
Chief Financial Officer
Mountain View Child Care, Inc.
1720 Mountain View Avenue
Loma Linda, CA 92354

CIRCLEBROOK
NATIONAL PROVIDER IDENTIFIER (NPI) 1669509402
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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	1,028,136	$	193.55
Net Audit Adjustment		(2,677)		(0.50)
Audited Cost/Cost Per Day	$	1,025,459	$	193.05

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 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—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:
CIRCLEBROOK

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

Provider NPI:
1669509402

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY		AS REPORTED	AS AUDITED
1.	Medi-Cal Client Days (Adj)	5,312	5,312
2.	Medi-Cal Managed Care Days (Adj)	0	0
3.	Other Client Days (Adj)	0	0
4.	Total Client Days	5,312	5,312
5.	Total Client Care Expenses (From Sch. 2)	$ 1,028,136	$ 1,025,459
6.	AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 193.55	$ 193.05
SHARE OF COST			
1.	Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS			
1.	Duplicate Payments (Adj)	$ 0	$ 0
2.	Credit Balances (Adj)	$ 0	$ 0
3.	Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CIRCLEBROOK

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

Provider NPI:
1669509402

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	2	$ 11,132	$ (5,777)	$ 5,355
050	Leases and Rentals		0		0
055	Real Property Taxes		5,643		5,643
060	Personal Property Taxes		0		0
065	Mortgage Interest		3,749		3,749
070	Property Insurance	2	15,140	(102)	15,038
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 35,664	$ (5,879)	$ 29,785
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 46,831	$	$ 46,831
085	Utilities		10,638		10,638
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		106,772		106,772
100	Personal Care and Laundry		13,340		13,340
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 177,581	$ 0	$ 177,581
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 213,245	$ (5,879)	$ 207,366
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 39,670	$	$ 39,670
120	QMRP Fringe Benefits	1	14,700	(3,073)	11,627
125	Lead Salaries		36,481		36,481
130	Lead Fringe Benefits	1	10,390	303	10,693
135	Aides Salaries		168,103		168,103
140	Aides Fringe Benefits	1	47,876	1,396	49,272
145	Other Salaries		165,562		165,562
150	Other Fringe Benefits	1	47,153	1,374	48,527
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 529,935	$ 0	$ 529,935

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CIRCLEBROOK

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

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 3,815	$	$ 3,815
165	Speech Pathology Consultant		1,536		1,536
170	Physical Therapy Consultant		1,536		1,536
175	Occupational Therapy Consultant		1,536		1,536
180	Pharmacist Consultant		0		0
185	Nurse Consultant		40,300		40,300
190	Psychologist Consultant		0		0
195	Physician Consultant		13,275		13,275
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		3,475		3,475
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 65,473	$ 0	$ 65,473
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 17,458	$	$ 17,458
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		56,491		56,491
230	Other General and Administrative*** (Excluding Adult Day Services)	2,3	145,534	3,202	148,736
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 219,483	$ 3,202	$ 222,685
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 1,028,136	$ (2,677)	$ 1,025,459
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$ 150	$	$ 150
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 1,028,285	$ (2,677)	$ 1,025,608

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
CIRCLEBROOK	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1669509402	3

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							RECLASSIFICATION OF REPORTED COSTS			
1	4.1	120	4	2	120	3	QMRP Fringe Benefits	$14,700	($3,073)	$11,627
	4.1	130	4	2	130	3	Lead Fringe Benefits	10,390	303	10,693
	4.1	140	4	2	140	3	Aides Fringe Benefits	47,876	1,396	49,272
	4.1	150	4	2	150	3	Other Fringe Benefits	47,153	1,374	48,527
							To reclassify direct care staff employee benefits 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			

Provider Name	Fiscal Period	Provider NPI	Adjustments
CIRCLEBROOK	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1669509402	3

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
2	4	045	4	2	045	3	Depreciation and Amortization	$11,132	($5,777)	$5,355
	4	070	4	2	070	3	Property Insurance	15,140	(102)	15,038
	4.1	230	4	2	230	3	Other General and Administrative	145,534	3,436	148,970 *
							To adjust reported home office costs to agree with the Mt. View Child Care 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			
3	4.1	230	4	2	230	3	Other General and Administrative *	$148,970	($234)	$148,736
							To eliminate political contribution/lobby fees portion of reported CAHF fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2139, 2300, and 2304			

*Balance carried forward from prior/to subsequent adjustments