

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LILAC  
LOMA LINDA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1164606380**

**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: Virat Shah  
Auditor: Teresa Zapata**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

February 6, 2013

Nancy Segaar, Treasurer  
Ability Pathways, Inc.  
1042 North Mountain Avenue, Suite B, Box 447  
Upland, CA 91786-3695

LILAC  
NATIONAL PROVIDER IDENTIFIER (NPI) 1164606380  
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	\$	457,861	\$ 209.93
Net Audit Adjustment		<u>(910)</u>	<u>(0.32)</u>
Audited Cost/Cost Per Day	\$	<u>456,951</u>	\$ <u>209.61</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 Fee-For-Service Rates Development Division.

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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.

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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

cc: Samantha A. Parola, CPA  
Wiebe & Associates  
377 North Central Avenue  
Upland, CA 91786

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

**Provider:**

LILAC

**Fiscal Period:**

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**

1164606380

**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 3)	2,181	2,180
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,181</u>	<u>2,180</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>457,861</u>	\$ <u>456,951</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>209.93</u>	\$ <u>209.61</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LILAC

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

Provider NPI:  
1164606380

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		\$ 1,257	\$	\$ 1,257
050	Leases and Rentals		26,400		26,400
055	Real Property Taxes		2,371		2,371
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		760		760
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 30,788	\$ 0	\$ 30,788
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 19,736	\$	\$ 19,736
085	Utilities		7,669		7,669
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		7,832		7,832
100	Personal Care and Laundry		2,654		2,654
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,891	\$ 0	\$ 37,891
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 68,679	\$ 0	\$ 68,679
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 25,422	\$	\$ 25,422
120	QMRP Fringe Benefits		4,697		4,697
125	Lead Salaries		29,851		29,851
130	Lead Fringe Benefits		5,515		5,515
135	Aides Salaries		115,531		115,531
140	Aides Fringe Benefits		21,345		21,345
145	Other Salaries		63,077		63,077
150	Other Fringe Benefits		11,654		11,654
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 277,092	\$ 0	\$ 277,092

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LILAC

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

Provider NPI:  
1164606380

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		\$ 891	\$	\$ 891
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,440		1,440
175	Occupational Therapy Consultant		810		810
180	Pharmacist Consultant		400		400
185	Nurse Consultant				0
190	Psychologist Consultant		1,230		1,230
195	Physician Consultant		4,500		4,500
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 9,271	\$ 0	\$ 9,271
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)	1	23,446	(169)	23,277
230	Other General and Administrative*** (Excluding Adult Day Services)	2	79,373	(741)	78,632
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 102,819	\$ (910)	\$ 101,909
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 457,861	\$ (910)	\$ 456,951
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 457,861	\$ (910)	\$ 456,951

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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	
LILAC		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1164606380		3	
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted	
		Cost Report	Audit Report	Line	Col				
		Line	Col.	Sch.	Line	Col			
1	4.1	226	4	2	226	3	\$23,446	\$23,277	
Quality Assurance Fees To adjust the quality assurance fees to agree with the quarterly payment schedules 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304									
2	4.1	230	4	2	230	3	\$79,373	\$78,632	
Other General and Administrative To adjust reported home office costs to agree with the Ability Pathways, 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									

Provider Name		Fiscal Period		Provider NPI		Adjustments				
LILAC		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1164606380		3				
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	Sch.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
3	2	3	1	1	1			2,181	(1)	2,180
<p><b>ADJUSTMENT TO REPORTED PATIENT DAYS</b></p> <p>Medi-Cal Client Days                      To adjust total patient days to agree with the provider's patient census reports.                      42 CFR 413.20, 413.24, and 413.50                      CMS Pub. 15-1, Sections 2205, 2300, and 2304</p>										