

**REPORT
ON THE
RATE SETTING AUDIT**

**MORGAN'S TLC - LINDLEY
PORTERVILLE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1235354499**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold
Auditor: Emilee Hogg**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Pamela Steele, Manager
Morgan's TLC
21556 Avenue 200
Lindsay, CA 93247

MORGAN'S TLC - LINDLEY
NATIONAL PROVIDER IDENTIFIER (NPI) 1235354499
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost 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	\$	327,221	\$ 169.81
Net Audit Adjustment		<u>(34,166)</u>	<u>(17.73)</u>
Audited Cost/Cost Per Day	\$	<u>293,055</u>	\$ <u>152.08</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$862, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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.

Pamela Steele
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed By

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

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

Provider:
MORGAN'S TLC - LINDLEY

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

Provider NPI:
1235354499

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,927	1,927
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,927</u>	<u>1,927</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>327,221</u>	\$ <u>293,055</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>169.81</u>	\$ <u>152.08</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 16)	\$ <u>NA</u>	\$ <u>(862)</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:
MORGAN'S TLC - LINDLEY

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

Provider NPI:
1235354499

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		\$	\$	\$ 0
050	Leases and Rentals				0
055	Real Property Taxes		1,402	0	1,402
060	Personal Property Taxes				0
065	Mortgage Interest		3,127	0	3,127
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 4,529	\$ 0	\$ 4,529
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1-4	\$ 23,314	\$ (7,509)	\$ 15,805
085	Utilities		10,048	0	10,048
090	Client Transportation (excluding Adult Day Services)		490	0	490
095	Dietary		4,097	0	4,097
100	Personal Care and Laundry		2,469	0	2,469
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,418	\$ (7,509)	\$ 32,909
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 44,947	\$ (7,509)	\$ 37,438
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	5	\$ 24,240	\$ (12,000)	\$ 12,240
120	QMRP Fringe Benefits				0
125	Lead Salaries	6	40,209	(630)	39,579
130	Lead Fringe Benefits		9,885	0	9,885
135	Aides Salaries	6	95,920	(1,470)	94,450
140	Aides Fringe Benefits		23,065	0	23,065
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 193,319	\$ (14,100)	\$ 179,219

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MORGAN'S TLC - LINDLEY

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

Provider NPI:
1235354499

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant \$		\$	\$	0
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant	7	1,979	(1,200)	779
185	Nurse Consultant	8	12,100	(100)	12,000
190	Psychologist Consultant	15	600	(600)	0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant	9	655	(655)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 15,334	\$ (2,555)	\$ 12,779
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 1,200	\$ 0	\$ 1,200
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		11,609	0	11,609
230	Other General and Administrative*** (Excluding Adult Day Services)	10-14	60,812	(10,002)	50,810
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 73,621	\$ (10,002)	\$ 63,619
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 327,221	\$ (34,166)	\$ 293,055
	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)		\$ 327,221	\$ (34,166)	\$ 293,055

Variance from cost report due to rounding

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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	
MORGAN'S TLC - LINDLEY							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1235354499	16	
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				
ADJUSTMENTS TO REPORTED COSTS										
	4	080	4	2	080	3	Home Operations and Maintenance	\$23,314		
1							To eliminate repairs and maintenance expense not related to th facility under audit 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(\$2,380)	
2							To adjust the expense amount included on the cost report to agree with the amount on the invoice. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(100)	
3							To eliminate repairs and maintenance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(720)	
4							To eliminate supplies expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(4,309) (\$7,509)	\$15,805
5	4.1	115	4	2	115	3	QMRP Salaries To adjust QMRP salaries to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$24,240	(\$12,000)	\$12,240
6	4.1	125	4	2	125	3	Lead Salaries	\$40,209	(\$630)	\$39,579
	4.1	135	4	2	135	3	Aides Salaries To adjust direct care staff salary based on the provider's payroll documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	95,920	(1,470)	94,450
7	4.1	180	4	2	180	3	Pharmacist Consultant To eliminate consultation fees due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$1,979	(\$1,200)	\$779
8	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense to agree with contracted amounts. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$12,100	(\$100)	\$12,000

Provider Name							Fiscal Period	Provider NPI		Adjustments
MORGAN'S TLC - LINDLEY							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1235354499		16
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				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
9	4.1	210	4	2	210	3	Other Consultant To eliminate Other Consultant expense from the cost report due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$655	(\$655)	\$0
	4.1	230	4	2	230	3	Other General and Administrative	\$60,812		
10							To eliminate annual fire alarm service not related to the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(\$285)	
11							To eliminate Cal/OSHA expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(105)	
12							To eliminate Cal/OSHA expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(119)	
13							To eliminate Cal/OSHA expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(210)	
14							To adjust reported home office costs to agree with the Morgan's TLC 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		<u>(9,283)</u> (\$10,002)	\$50,810
15	4.1	190	4	2	190	3	Psychologist Consultant To eliminate psychologist consultant expense for services not included in the rate. CCR, Title 22, Section 51510.3(b)(2)	\$600	(\$600)	\$0

Provider Name							Fiscal Period	Provider NPI		Adjustments
MORGAN'S TLC - LINDLEY							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1235354499		16
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				
<u>ADJUSTMENT TO OTHER MATTERS</u>										
16	N/A			1	1	2	Share of Cost Overpayment To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$862	\$862