REPORT
ON THE
RATE SETTING AUDIT

MARGARET'S HOME
MISSION VIEJO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1790875441

FISCAL PERIOD ENDED
DECEMBER 31, 2011

Audits Section—Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Margaret A. Varho
Audit Supervisor: Margaret A. Varho
Auditor: Paula Greene

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: July 10, 2013

Geraldo Ortiz, President
Margaret Villa, Inc.
25392 Derbyhill Drive
Laguna Hills, CA 92653

MARGARET'S HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1790875441
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	$	387,305	$	178.65
Net Audit Adjustment		(111,741)		(52.82)
Audited Cost/Cost Per Day	$	275,564	$	125.83

This audit report includes the:

1. Audit Report Schedules 1 and 2

2. Audit Adjustments Schedule

3. Audited Allocation of Home Office Costs

605 West Santa Ana Blvd., Building 28, Room 830, Santa Ana, CA 92701
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.ca.gov

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.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(***Original signed by Margaret Varho***)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
MARGARET'S HOME

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

Provider NPI:
1790875441

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 3)	2,168	0
2. Medi-Cal Managed Care Days (Adj 3)	0	2,190
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,168	2,190
5. Total Client Care Expenses (From Sch. 2)	$ 387,305	$ 275,564
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 178.65	$ 125.83
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:
MARGARET'S HOME

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

Provider NPI:
1790875441

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		$ 624	$	$ 624
050	Leases and Rentals				0
055	Real Property Taxes		4,117		4,117
060	Personal Property Taxes				0
065	Mortgage Interest	2	4,072	(4,072)	0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 8,813	$ (4,072)	$ 4,741
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	$ 14,960	$ (1,578)	$ 13,382
085	Utilities	1	6,343	(111)	6,232
090	Client Transportation (excluding Adult Day Services)	1	14,279	(8,594)	5,685
095	Dietary	1	9,805	17	9,822
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 45,387	$ (10,266)	$ 35,121
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 54,200	$ (14,338)	$ 39,862
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 38,417	$	$ 38,417
120	QMRP Fringe Benefits				0
125	Lead Salaries	1	38,228	(10,101)	28,127
130	Lead Fringe Benefits				0
135	Aides Salaries		89,108		89,108
140	Aides Fringe Benefits				0
145	Other Salaries	1	13,000	(13,000)	0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 178,753	$ (23,101)	$ 155,652

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MARGARET'S HOME

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

Provider NPI:
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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		$ 1,320	$	$ 1,320
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,965		1,965
175	Occupational Therapy Consultant		1,623		1,623
180	Pharmacist Consultant				0
185	Nurse Consultant	1	25,951	(15,151)	10,800
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		574		574
205	Social Service Consultant				0
210	Other Consultant		1,200		1,200
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 32,633	$ (15,151)	$ 17,482
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	$ 78,334	$ (45,000)	$ 33,334
225	Administrative Fringe Benefits	1	4,284	(947)	3,337
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative*** (Excluding Adult Day Services)	1	39,101	(13,204)	25,897
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 121,719	$ (59,151)	$ 62,568
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 387,305	$ (111,741)	$ 275,564
	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)		$ 387,305	$ (111,741)	$ 275,564

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
MARGARET'S HOME	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790875441	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			
1	4	080	4	2	080	3	Home Operations and Maintenance	$14,960	($1,578)	$13,382
	4	085	4	2	085	3	Utilities	6,343	(111)	6,232
	4	090	4	2	090	3	Client Transportation	14,279	(8,594)	5,685
	4	095	4	2	095	3	Dietary	9,805	17	9,822
	4.1	125	4	2	125	3	Lead Salaries	38,228	(10,101)	28,127
	4.1	145	4	2	145	3	Other Salaries	13,000	(13,000)	0
	4.1	185	4	2	185	3	Nurse Consultant	25,951	(15,151)	10,800
	4.1	220	4	2	220	3	Administrative Salaries	78,334	(45,000)	33,334
	4.1	225	4	2	225	3	Administrative Fringe Benefits	4,284	(947)	3,337
	4.1	230	4	2	230	3	Other General and Administrative	39,101	(13,204)	25,897
							To adjust reported home office costs to agree with the Margaret Villa, 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			
2	4	065	4	2	065	3	Mortgage Interest	$4,072	($4,072)	$0
							To eliminate mortgage interest expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name	Fiscal Period	Provider NPI	Adjustments
MARGARET'S HOME	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790875441	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
							ADJUSTMENT TO REPORTED PATIENT DAYS			
3	2	3	1	1	1	2	Medi-Cal Client Days	2,168	(2,168)	0
	2	3	2	1	2	2	Medi-Cal Managed Care Days	0	2,190	2,190
	2	3	4	1	4	2	Total Client Days	2,168	22	2,190
							To reclassify client days to Medi-Cal Managed Care days and to include leave days with Medi-Cal Managed Care days.			
							42 CFR 413.20, 413.24 and 413.50			
							CMS Pub. 15-1, Sections 2205, 2205.4, 2300 and 2304			
							CCR, Title 22, Sections 51535(a) and 51535(b)			