

**REPORT
ON THE
RATE SETTING AUDIT
MOONSTONE HOME
SIMI VALLEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1083741151
FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: Tabusum Faridi**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Matthew Steinorth
Executive Director
Epiphany Care Homes, Inc.
1331 Doris Avenue
Oxnard, California 93030

MOONSTONE HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1083741151
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	\$	422,552		\$ 192.95
Net Audit Adjustment		<u>(27,521)</u>		<u>(12.57)</u>
Audited Cost/Cost Per Day	\$	<u>395,031</u>		\$ <u>180.38</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.

Matthew Steinorth
Page 2

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

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

Provider:
MOONSTONE HOME

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

Provider NPI:
1083741151

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>422,552</u>	\$ <u>395,031</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>192.95</u>	\$ <u>180.38</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

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:
MOONSTONE HOME

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

Provider NPI:
1083741151

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	1,2	\$ 0	\$ 0	\$ 0
050	Leases and Rentals		31,800		31,800
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,800	\$ 0	\$ 31,800
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3,4	\$ 15,460	\$ (2,209)	\$ 13,251
085	Utilities		12,458		12,458
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		11,833		11,833
100	Personal Care and Laundry		6,218		6,218
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,969	\$ (2,209)	\$ 43,760
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 77,769	\$ (2,209)	\$ 75,560
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,615	\$	\$ 16,615
120	QMRP Fringe Benefits		1,534		1,534
125	Lead Salaries		26,522		26,522
130	Lead Fringe Benefits		2,449		2,449
135	Aides Salaries		101,540		101,540
140	Aides Fringe Benefits		9,376		9,376
145	Other Salaries		56,106		56,106
150	Other Fringe Benefits		5,181		5,181
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 219,323	\$ 0	\$ 219,323

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MOONSTONE HOME

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

Provider NPI:
1083741151

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 938	\$	\$ 938
165	Speech Pathology Consultant		132		132
170	Physical Therapy Consultant		740		740
175	Occupational Therapy Consultant	5	753	(162)	591
180	Pharmacist Consultant		0		0
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		2,950		2,950
200	Recreational Consultant		0		0
205	Social Service Consultant	6	425	(100)	325
210	Other Consultant	7	75	(75)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,013	\$ (337)	\$ 5,676
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)	11	27,804	(10,214)	17,590
230	Other General and Administrative*** (Excluding Adult Day Services)	1,8,9,10	91,643	(14,761)	76,882
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 119,447	\$ (24,975)	\$ 94,472
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 422,552	\$ (27,521)	\$ 395,031
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 422,552	\$ (27,521)	\$ 395,031

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments		
MOONSTONE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1083741151	11		
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>RECLASSIFICATION OF REPORTED COSTS</u>											
1	4.1	230	4	2	230	3	Other General and Administrative	\$91,643	(\$1,286)	\$90,357 *	
	4	045	4	2	045	3	Depreciation and Amortization	0	1,286	1,286 *	
To reclassify depreciation expense 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											

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MOONSTONE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1083741151		11	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate depreciation expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	*	\$1,286	(\$1,286)	\$0
	4	080	4	2	080	3	Home Operations and Maintenance		\$15,460		
3							To eliminate legend drugs not included in the routine rate. CCR, Title 22, 51510.3			(\$1,403)	
4							To eliminate First American expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			<u>(806)</u> <u>(\$2,209)</u>	\$13,251
5	4.1	175	4	2	175	3	Occupational Therapy Consultant To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$753	(\$162)	\$591
6	4.1	205	4	2	205	3	Social Service Consultant To eliminate psychologist consultant expense not related to the facility. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		\$425	(\$100)	\$325
7	4.1	210	4	2	210	3	Other Consultant To eliminate dental costs not included in the routine rate. CMS Pub.15-1, Section 2104.4 CCR, Title 22, 51510.3		\$75	(\$75)	\$0

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
MOONSTONE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1083741151		11	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
	4.1	230	4	2	230	3	Other General and Administrative	*	\$90,357		
8							To eliminate bad debt expense that is not recognized under the Medi-Cal program. 42 CFR 413.89(b)(1) and 413.178 / CMS Pub. 15-1, Section 300			(\$1,058)	
9							To eliminate workers' compensation insurance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(11,877)	
10							To eliminate transportation expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			(540) <u>(\$13,475)</u>	\$76,882
11	4.1	226	4	2	226	3	Quality Assurance Fees To reconcile the reported expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$27,804	(\$10,214)	\$17,590

*Balance carried forward from prior/to subsequent adjustments