

**REPORT
ON THE
RATE SETTING AUDIT**

**HAWAIIAN HOUSE
HAWAIIAN GARDENS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1871655191**

**FISCAL PERIOD ENDED
MAY 31, 2012**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Henry Igboke
Auditor: Ted Ha**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: July 09, 2013

Mark Wilson, Administrator
Hawaiian House
12440 224th Street
Hawaiian Gardens, CA 90716

HAWAIIAN HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1871655191
FISCAL PERIOD ENDED MAY 31, 2012

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	\$	306,945	\$ 144.17
Net Audit Adjustment		(8,944)	(4.53)
Audited Cost/Cost Per Day	\$	<u>298,001</u>	\$ <u>139.64</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 Medi-Cal Benefits, Waiver Analysis and Rates Division.

Mark Wilson
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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. 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:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2011 THROUGH MAY 31, 2012

Provider NPI:
1871655191

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,129	2,134
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days (Adj 7)	<u>2,129</u>	<u>2,134</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>306,945</u>	\$ <u>298,001</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>144.17</u>	\$ <u>139.64</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>	\$ <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:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2011 THROUGH MAY 31, 2012

Provider NPI:
1871655191

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		\$ 763	\$	\$ 763
050	Leases and Rentals				0
055	Real Property Taxes		2,197		2,197
060	Personal Property Taxes				0
065	Mortgage Interest		5,447		5,447
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,407	\$ 0	\$ 8,407
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 16,858	\$ (300)	\$ 16,558
085	Utilities	4,5	8,846	(1,279)	7,567
090	Client Transportation (excluding Adult Day Services)		5,532		5,532
095	Dietary	2	14,102	(905)	13,197
100	Personal Care and Laundry		290		290
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,628	\$ (2,484)	\$ 43,144
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 54,035	\$ (2,484)	\$ 51,551
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,000	\$	\$ 14,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		28,322		28,322
130	Lead Fringe Benefits		2,650		2,650
135	Aides Salaries		113,436		113,436
140	Aides Fringe Benefits		12,584		12,584
145	Other Salaries		726		726
150	Other Fringe Benefits		100		100
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 171,818	\$ 0	\$ 171,818

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2011 THROUGH MAY 31, 2012

Provider NPI:
1871655191

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 2,047	\$	\$ 2,047
165	Speech Pathology Consultant		475		475
170	Physical Therapy Consultant		813		813
175	Occupational Therapy Consultant		900		900
180	Pharmacist Consultant		300		300
185	Nurse Consultant		10,020		10,020
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,555	\$ 0	\$ 14,555
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 10,300	\$	\$ 10,300
225	Administrative Fringe Benefits		1,271		1,271
226	Quality Assurance Fees (excluding Adult Day Services)		23,402		23,402
230	Other General and Administrative*** Adult Day Services) (Excluding	5,6	31,564	(6,460)	25,104
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 66,537	\$ (6,460)	\$ 60,077
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 306,945	\$ (8,944)	\$ 298,001
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		315,520		315,520
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 622,465	\$ (8,944)	\$ 613,521

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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					
HAWAIIAN HOUSE		JUNE 1, 2011 THROUGH MAY 31, 2012		1871655191		7					
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report								
1	4.1	245	4	2	245	1			\$650,058	(\$27,593)	\$622,465
<p>Total Facility Expenses</p> <p>To correct the provider's adjustments not properly flowing to column 4 of the filed cost report.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>											

Provider Name		Fiscal Period		Provider NPI		Adjustments		
HAWAIIAN HOUSE		JUNE 1, 2011 THROUGH MAY 31, 2012		1871655191		7		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
7	2	3	2	1	1	2,129	5	2,134
	2	3	5	1	4	2,129	5	2,134
ADJUSTMENT TO REPORTED PATIENT DAYS To adjust patient days to agree with the provider's patient census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304								