

**REPORT
ON THE
RATE SETTING AUDIT**

**LAKEVIEW HOUSE
UKIAH, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1578779286**

**FISCAL PERIOD ENDED
JUNE 30, 2012**

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

**Section Chief: Louise Wong
Audit Supervisor: Ken Phelan
Auditor: Bob Dailey**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 15, 2013

Donald Pierce
Chief Financial Officer
Northern California Adaptive Living Center, Inc.
3028 Esplanade, Suite H
Chico, CA 95973-4924

LAKEVIEW HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1578779286
FISCAL PERIOD ENDED JUNE 30, 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	\$	358,254	\$ 163.51
Net Audit Adjustment		<u>48,213</u>	<u>21.75</u>
Audited Cost/Cost Per Day	\$	<u>406,467</u>	\$ <u>185.26</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.

Donald Pierce
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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:

John Melton, 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

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

Provider:
LAKEVIEW HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1578779286

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 4)	2,191	0
2. Medi-Cal Managed Care Days (Adj 4,5)	0	2,194
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,191</u>	<u>2,194</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>358,254</u>	\$ <u>406,467</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>163.51</u>	\$ <u>185.26</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:
LAKEVIEW HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1578779286

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		\$ 9,549	\$ 0	\$ 9,549
050	Leases and Rentals		0	0	0
055	Real Property Taxes		0	0	0
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		14,579	0	14,579
070	Property Insurance		4,664	0	4,664
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,792	\$ 0	\$ 28,792
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 9,495	\$ 0	\$ 9,495
085	Utilities		13,792	0	13,792
090	Client Transportation (excluding Adult Day Services)	2	(2,246)	2,246	0
095	Dietary		22,756	0	22,756
100	Personal Care and Laundry		5,137	0	5,137
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 48,934	\$ 2,246	\$ 51,180
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 77,726	\$ 2,246	\$ 79,972
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,260	\$ 0	\$ 15,260
120	QMRP Fringe Benefits		3,391	0	3,391
125	Lead Salaries		35,277	0	35,277
130	Lead Fringe Benefits		7,838	0	7,838
135	Aides Salaries		124,022	0	124,022
140	Aides Fringe Benefits		27,557	0	27,557
145	Other Salaries		5,445	0	5,445
150	Other Fringe Benefits		1,210	0	1,210
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 220,000	\$ 0	\$ 220,000

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LAKEVIEW HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1578779286

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 450	\$ 0	\$ 450
165	Speech Pathology Consultant		0	0	0
170	Physical Therapy Consultant		375	0	375
175	Occupational Therapy Consultant		0	0	0
180	Pharmacist Consultant		700	0	700
185	Nurse Consultant		33,956	0	33,956
190	Psychologist Consultant		0	0	0
195	Physician Consultant		0	0	0
200	Recreational Consultant		0	0	0
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 35,481	\$ 0	\$ 35,481
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$ 0	\$ 0
225	Administrative Fringe Benefits		0	0	0
226	Quality Assurance Fees (excluding Adult Day Services)		19,493	0	19,493
230	Other General and Administrative*** (Excluding Adult Day Services)	1	5,554	45,967	51,521
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 25,047	\$ 45,967	\$ 71,014
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 358,254	\$ 48,213	\$ 406,467
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	1	\$ 45,967	\$ (45,967)	\$ 0
241	Adult Day Services and Related Transportation	2,3	0	8,196	8,196
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 404,221	\$ 10,442	\$ 414,663

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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
LAKEVIEW HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1578779286		5
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4.1	240	4	2	240	3	Non-Program Services	\$45,967	(\$45,967)	\$0
	4.1	230	4	2	230	3	Other General and Administrative To reclassify Home Office expense to the appropriate cost center for proper cost determination. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 2150.2, 2304, 2302.8, and 2306	5,554	45,967	51,521
2	4	090	4	2	090	3	Client Transportation	(\$2,246)	\$2,246	\$0
	4.1	241	4	2	241	3	Adult Day Services and Related Transportation To reclassify Adult Day Services and Related Transportation expense to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2304, 2302.8, and 2306	0	(2,246)	(2,246) *

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
LAKEVIEW HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1578779286		5	
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 REPORTED COSTS</u>											
3	4.1	241	4	2	241	3	Adult Day Services and Related Transportation To reverse reported abatement of adult day transportation income against a Non-client Expense cost center. 42 CFR 413.20, 413.24 and 413.9 CMS Pub. 15-1, Sections 2102.3, 2300, 2304, and 2328	*	(\$2,246)	\$10,442	\$8,196

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
LAKEVIEW HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012		1578779286		5
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>ADJUSTMENTS TO REPORTED PATIENT DAYS</u>											
4	2	3	1	1	1	2	Medi-Cal Client Days	2,191	(2,191)	0	
	2	3	2	1	2	2	Medi-Cal Managed Care Days To reclassify Medi-Cal Fee Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	2,191	2,191 *	
5	2	3	2	1	2	2	Medi-Cal Managed Care 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	*	2,191	3 2,194	

*Balance carried forward from prior/to subsequent adjustments