

**REPORT  
ON THE  
RATE SETTING AUDIT**

**DONNA HOUSE  
NORTHRIDGE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1366651101**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Gertrude Lake  
Auditor: Alison Dowling**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 1, 2013

Belinda Betton, Controller  
Therapeutic Living Centers for the Blind  
7915 Lindley Ave  
Reseda, CA 91335

DONNA HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1366651101  
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	\$	337,432	\$ 153.66
Net Audit Adjustment		(4,170)	(1.90)
Audited Cost/Cost Per Day	\$	<u>333,262</u>	\$ <u>151.76</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.

Belinda Betton  
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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—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:**  
DONNA HOUSE

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

**Provider NPI:**  
1366651101

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,196	2,196
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,196</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>337,432</u>	\$ <u>333,262</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>153.66</u>	\$ <u>151.76</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>0</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:  
DONNA HOUSE

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

Provider NPI:  
1366651101

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 4,249	\$ 0	\$ 4,249
050	Leases and Rentals		0	0	0
055	Real Property Taxes		0	0	0
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		0	0	0
070	Property Insurance		0	0	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 4,249	\$ 0	\$ 4,249
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 181	\$ 0	\$ 181
085	Utilities		1,978	0	1,978
090	Client Transportation (excluding Adult Day Services)		3,074	0	3,074
095	Dietary		20,476	0	20,476
100	Personal Care and Laundry	3, 4, 5, 6	11,458	(668)	10,790
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,167	\$ (668)	\$ 36,499
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 41,416	\$ (668)	\$ 40,748
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 11,397	\$ 0	\$ 11,397
120	QMRP Fringe Benefits		3,835	0	3,835
125	Lead Salaries		37,547	0	37,547
130	Lead Fringe Benefits		16,345	0	16,345
135	Aides Salaries		100,237	0	100,237
140	Aides Fringe Benefits		30,583	0	30,583
145	Other Salaries		11,222	0	11,222
150	Other Fringe Benefits		4,490	0	4,490
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 215,656	\$ 0	\$ 215,656

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
DONNA HOUSE

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

Provider NPI:  
1366651101

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
<b>EXPENSES: CONSULTANT COSTS</b>					
160	Dietician Consultant		\$ 851	\$ 0	\$ 851
165	Speech Pathology Consultant		1,083	0	1,083
170	Physical Therapy Consultant	1	0	770	770
175	Occupational Therapy Consultant	1	2,103	(808)	1,295
180	Pharmacist Consultant		295	0	295
185	Nurse Consultant		0	0	0
190	Psychologist Consultant		2,938	0	2,938
195	Physician Consultant		1,388	0	1,388
200	Recreational Consultant		917	0	917
205	Social Service Consultant		0	0	0
210	Other Consultant	1	1,856	38	1,894
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,431	\$ 0	\$ 11,431
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **	2	\$ 23,001	\$ (23,001)	\$ 0
225	Administrative Fringe Benefits	2	7,530	(7,530)	0
226	Quality Assurance Fees (excluding Adult Day Services)		17,685		17,685
230	Other General and Administrative*** Adult Day Services	(Excluding 2, 7, 8, 9, 10)	20,713	27,029	47,742
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,929	\$ (3,502)	\$ 65,427
TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)			\$ 337,432	\$ (4,170)	\$ 333,262
<b>NON-CLIENT CARE EXPENSES</b>			(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 135,855	\$	\$ 135,855
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 473,287	\$ (4,170)	\$ 469,117

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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	
DONNA HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1366651101	10	
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.				
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
1	4.1	175	4	2	175	2	Occupational Therapy Consultant	\$2,103	(\$808)	\$1,295
	4.1	170	4	2	170	2	Physical Therapy Consultan	0	770	770
	4.1	210	4	2	210	2	Other Consultant	1,856	38	1,894
							To reclassify the consultant expense for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
2	4.1	220	4	2	220	2	Administrative Salaries	\$23,001	(\$23,001)	\$0
	4.1	225	4	2	225	2	Administrative Fringe Benefits	7,530	(7,530)	0
	4.1	230	4	2	230	2	Other General and Administrative	20,713	30,531	51,244 *
							To reclassify the home office expense for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
DONNA HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1366651101		10
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.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
	4	100	4	2	100	2	Personal Care and Laundry	\$11,458		
3							To adjust the reported AT&T U-verse expense to agree with the current charges on the invoice provided. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$128)	
4							To eliminate the medical visit copays that are not included in the routine rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, 51510.2		(65)	
5							To eliminate the legend drug expense that is not included in the routine rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, 51510.2		(67)	
6							To eliminate the podiatrist expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51310(b)		(408) <u>(\$668)</u>	\$10,790

Provider Name				Fiscal Period				Provider NPI		Adjustments
DONNA HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1366651101		10
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.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
	4.1	230	4	2	230	2	Other General and Administrative	*	\$51,244	
7							To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$328)
8							To eliminate legal expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(49)
9							To eliminate political contributions/lobby fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2139, 2300 and 2304			(123)
10							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			<u>(3,002)</u> <u>(\$3,502)</u> \$47,742

\*Balance carried forward from prior/to subsequent adjustments