

**REPORT
ON THE
RATE SETTING AUDIT**

**ELIZABETH HOMES III
BUENA PARK, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1437241692**

**FISCAL PERIOD ENDED
JUNE 30, 2012**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Felipe Avila
Auditor: Ron Leiss**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: May 10, 2013

Elizabeth G. Santos, President
Elizabeth G. Santos, Inc.
6287 San Ricardo Way
Buena Park, CA 90620-2845

ELIZABETH HOMES III
NATIONAL PROVIDER IDENTIFIER: 1437241692
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	\$	318,647	\$ 154.83
Net Audit Adjustment		(672)	(10.03)
Audited Cost/Cost Per Day	\$	<u>317,975</u>	\$ <u>144.80</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.

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.

Elizabeth G. Santos
Page 3

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:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adjs 4,5)	2,058	0
2. Medi-Cal Managed Care Days (Adj 5)	0	2,196
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,058</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>318,647</u>	\$ <u>317,975</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>154.83</u>	\$ <u>144.80</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:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

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		\$ 2,521	\$	\$ 2,521
050	Leases and Rentals				0
055	Real Property Taxes		2,686		2,686
060	Personal Property Taxes				0
065	Mortgage Interest	1	6,362	(509)	5,853
070	Property Insurance		1,009		1,009
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,578	\$ (509)	\$ 12,069
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 5,541	\$ (53)	\$ 5,488
085	Utilities		3,949		3,949
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		13,174		13,174
100	Personal Care and Laundry		621		621
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 23,285	\$ (53)	\$ 23,232
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 35,863	\$ (562)	\$ 35,301
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	3	\$ 14,170	\$ (110)	\$ 14,060
120	QMRP Fringe Benefits				0
125	Lead Salaries		32,080		32,080
130	Lead Fringe Benefits		2,775		2,775
135	Aides Salaries		101,723		101,723
140	Aides Fringe Benefits		8,801		8,801
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 159,549	\$ (110)	\$ 159,439

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 960	\$	\$ 960
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		2,400		2,400
180	Pharmacist Consultant		380		380
185	Nurse Consultant		13,800		13,800
190	Psychologist Consultant		2,450		2,450
195	Physician Consultant				0
200	Recreational Consultant		2,160		2,160
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,150	\$ 0	\$ 22,150
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 13,000	\$	\$ 13,000
225	Administrative Fringe Benefits		1,125		1,125
226	Quality Assurance Fees (excluding Adult Day Services)		17,098		17,098
230	Other General and Administrative*** (Excluding Adult Day Services)		69,863		69,863
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 101,085	\$ 0	\$ 101,085
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 318,647	\$ (672)	\$ 317,975
	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)		\$ 318,647	\$ (672)	\$ 317,975

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
ELIZABETH HOMES III							JULY 1, 2011 THROUGH JUNE 30, 2012		1437241692		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					
ADJUSTMENTS TO REPORTED COSTS											
1	4	065	4	2	065	3	Interest Expense To adjust the accrual of mortgage interest expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$6,362	(\$509)	\$5,853	
2	4	080	4	2	080	3	Home Operations and Maintenance To adjust minor repair expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$5,541	(\$53)	\$5,488	
3	4.1	115	4	2	115	3	QRMP Salaries To reconcile the general ledger to agree with the provider's actual expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$14,170	(\$110)	\$14,060	

Provider Name							Fiscal Period		Provider NPI		Adjustments
ELIZABETH HOMES III							JULY 1, 2011 THROUGH JUNE 30, 2012		1437241692		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	N/A	1	1	3	Medi-Cal Patient Days To adjust Medi-Cal patient days to agree with the provider's patient census reports. 42 CFR 413.20 and 413.50 CMS. Pub. 15-1, Sections 2205 and 2304	2,058	138	2,196 *	
5	2 Not Reported	3	N/A	1 1	3 2	3 3	Medi-Cal Patient Days Medi-Cal Mangaged Care Days To include Medi-Cal 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	* 2,196 0	(2,196) 2,196	0 2,196	

*Balance carried forward from prior/to subsequent adjustments