

**REPORT
ON THE
RATE SETTING AUDIT**

**ELKWOOD HOUSE
RESEDA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1659581148**

**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: Jeff Mai**



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 Avenue
Reseda, CA 91335

ELKWOOD HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1659581148
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	\$	290,291	\$ 132.19
Net Audit Adjustment		<u>18,661</u>	<u>8.50</u>
Audited Cost/Cost Per Day	\$	<u>308,952</u>	\$ <u>140.69</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
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:
ELKWOOD HOUSE

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

Provider NPI:
1659581148

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

	AS REPORTED	AS AUDITED
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>290,291</u>	\$ <u>308,952</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>132.19</u>	\$ <u>140.69</u>

SHARE OF COST

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

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

Provider NPI:
1659581148

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		\$ 3,732	\$	\$ 3,732
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance	1, 4	0	243	243
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 3,732	\$ 243	\$ 3,975
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 4,437	\$	\$ 4,437
085	Utilities		1,994		1,994
090	Client Transportation (excluding Adult Day Services)	1, 4	5,033	(471)	4,562
095	Dietary		20,792		20,792
100	Personal Care and Laundry	2, 5	12,130	(125)	12,005
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,386	\$ (596)	\$ 43,790
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 48,118	\$ (353)	\$ 47,765
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 11,091	\$	\$ 11,091
120	QMRP Fringe Benefits		4,133		4,133
125	Lead Salaries		47,312		47,312
130	Lead Fringe Benefits	3	1,317	18,000	19,317
135	Aides Salaries		69,047		69,047
140	Aides Fringe Benefits	3	21,005	100	21,105
145	Other Salaries		11,130		11,130
150	Other Fringe Benefits		4,703		4,703
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 169,738	\$ 18,100	\$ 187,838

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ELKWOOD HOUSE

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

Provider NPI:
1659581148

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 911	\$	\$ 911
165	Speech Pathology Consultant		968		968
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant	3	1,233	151	1,384
180	Pharmacist Consultant		449		449
185	Nurse Consultant		0		0
190	Psychologist Consultant		3,078		3,078
195	Physician Consultant		1,388		1,388
200	Recreational Consultant		897		897
205	Social Service Consultant		0		0
210	Other Consultant		2,115		2,115
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,039	\$ 151	\$ 11,190
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 20,632	\$	\$ 20,632
225	Administrative Fringe Benefits		6,963		6,963
226	Quality Assurance Fees (excluding Adult Day Services)		17,666		17,666
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 2, 3, 4, 6	16,135	763	16,898
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 61,396	\$ 763	\$ 62,159
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 290,291	\$ 18,661	\$ 308,952
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		66,050		66,050
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 356,341	\$ 18,661	\$ 375,002

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	
ELKWOOD HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1659581148	6	
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	70	4	2	70	2	Property Insurance	\$0	\$270	\$270 *
	4.1	230	4	2	230	2	Other General and Administrative	16,135	77	16,212 *
	4	90	4	2	90	2	Client Transportation	5,033	(347)	4,686 *
							To reclassify insurance expenses to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.8			
2	4	100	4	2	100	2	Personal Care and Laundry	\$12,130	(\$100)	\$12,030 *
	4.1	230	4	2	230	2	Other General and Administrative	* 16,212	100	16,312 *
							To reclassify Department of Public Health registration 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	
ELKWOOD HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1659581148		6	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
3	4.1	130	4	2	130	2	Lead Fringe Benefits	\$1,317	\$18,000	\$19,317	
	4.1	140	4	2	140	2	Aides Fringe Benefits	21,005	100	21,105	
	4.1	175	4	2	175	2	Occupational Therapy Consultant	1,233	151	1,384	
	4.1	230	4	2	230	2	Other General and Administrative	* 16,312	792	17,104 *	
							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				
4	4	70	4	2	70	2	Property Insurance	* \$270	(\$27)	\$243	
	4	90	4	2	90	2	Client Transportation	* 4,686	(124)	4,562	
	4.1	230	4	2	230	2	Other General and Administrative	* 17,104	(83)	17,021 *	
							To eliminate insurance expenses that were reported twice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
5	4	100	4	2	100	2	Personal Care and Laundry	* \$12,030	(\$25)	\$12,005	
							To eliminate recreation expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
6	4	230	4	2	230	2	Other General and Administrative	* \$17,021	(\$123)	\$16,898	
							To eliminate political contribution/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				

*Balance carried forward from prior/to subsequent adjustments