# REPORT
# ON THE
# RATE SETTING AUDIT

**HARBOR VILLAGE III**
**COSTA MESA, CALIFORNIA**
**NATIONAL PROVIDER IDENTIFIER: 1851463483**

**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: Andre Shammas**

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

TOBY DOUGLAS
*DIRECTOR*

EDMUND G. BROWN JR.
*GOVERNOR*

Date: June 27, 2013

P. Dennis Mattson, President
Independent Options, Inc.
391 Corporate Terrace Circle, Suite 102
Corona, CA 92879

HARBOR VILLAGE III
NATIONAL PROVIDER IDENTIFIER (NPI) 1851463483
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:

| COST AND COST PER DAY | | COST | | COST PER DAY |
|---|---|---|---|---|
| Reported Cost/Cost Per Day | $ | 339,480 | $ | 172.50 |
| Net Audit Adjustment | | 0 | | 0.00 |
| Audited Cost/Cost Per Day | $ | 339,480 | $ | 172.50 |

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.

605 West Santa Ana Blvd., Building 28, Room 830, Santa Ana, CA 92701
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.ca.gov

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:**
HARBOR VILLAGE III

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

**Provider NPI:**
1851463483

| SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY | AS REPORTED | AS AUDITED |
|---|---|---|
| 1. Medi-Cal Client Days (Adj ) | 0 | 0 |
| 2. Medi-Cal Managed Care Days (Adj ) | 1,968 | 1,968 |
| 3. Other Client Days (Adj ) | 0 | 0 |
| 4. Total Client Days | 1,968 | 1,968 |
| 5. Total Client Care Expenses (From Sch. 2) | $ 339,480 | $ 339,480 |
| 6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | $ 172.50 | $ 172.50 |
| **SHARE OF COST** | | |
| 1. Share of Cost Audit Adjustment (Adj ) | $ NA | $ 0 |
| **OVERPAYMENTS** | | |
| 1. Duplicate Payments (Adj ) | $ | $ 0 |
| 2. Credit Balances (Adj ) | $ | $ 0 |
| 3. Total Overpayments | $ 0 | $ 0 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
HARBOR VILLAGE III

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

**Provider NPI:**
1851463483

| 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 | | $ 4 | $ | $ 4 |
| 050 | Leases and Rentals | | 25,771 | | 25,771 |
| 055 | Real Property Taxes | | 0 | | 0 |
| 060 | Personal Property Taxes | | 0 | | 0 |
| 065 | Mortgage Interest | | 0 | | 0 |
| 070 | Property Insurance | | 261 | | 261 |
| | | | | | |
| 075 | TOTAL PROPERTY EXPENSES (Lines 045 through 070) | | $ 26,036 | $ 0 | $ 26,036 |
| | **Basic Facility Cost - General Home Expenses** | | | | |
| 080 | Home Operations and Maintenance | 1 | $ 1,829 | $ 6,136 | $ 7,965 |
| 085 | Utilities | | 2,495 | | 2,495 |
| 090 | Client Transportation (excluding Adult Day Services) | | 4,126 | | 4,126 |
| 095 | Dietary | | 10,176 | | 10,176 |
| 100 | Personal Care and Laundry | | 2,841 | | 2,841 |
| | | | | | |
| 105 | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100) | | $ 21,467 | $ 6,136 | $ 27,603 |
| | | | | | |
| 110 | TOTAL BASIC FACILITY COST (Lines 075 plus 105) | | $ 47,503 | $ 6,136 | $ 53,639 |
| | **EXPENSES: DIRECT CARE STAFF COSTS** | | | | |
| 115 | QMRP Salaries | | $ 18,169 | $ | $ 18,169 |
| 120 | QMRP Fringe Benefits | | 1,491 | | 1,491 |
| 125 | Lead Salaries | | 20,066 | | 20,066 |
| 130 | Lead Fringe Benefits | | 1,809 | | 1,809 |
| 135 | Aides Salaries | | 106,651 | | 106,651 |
| 140 | Aides Fringe Benefits | | 11,926 | | 11,926 |
| 145 | Other Salaries | | 13,222 | | 13,222 |
| 150 | Other Fringe Benefits | | 1,105 | | 1,105 |
| 155 | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) | | $ 174,439 | $ 0 | $ 174,439 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
HARBOR VILLAGE III

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

**Provider NPI:**
1851463483

| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|---|---|---|---|---|---|
| | **EXPENSES: CONSULTANT COSTS** | | | | |
| 160 | Dietician Consultant | | $ 640 | $ | $ 640 |
| 165 | Speech Pathology Consultant | | 2,160 | | 2,160 |
| 170 | Physical Therapy Consultant | | 550 | | 550 |
| 175 | Occupational Therapy Consultant | | 2,160 | | 2,160 |
| 180 | Pharmacist Consultant | | 380 | | 380 |
| 185 | Nurse Consultant | | 0 | | 0 |
| 190 | Psychologist Consultant | | 2,640 | | 2,640 |
| 195 | Physician Consultant | | 1,800 | | 1,800 |
| 200 | Recreational Consultant | | 0 | | 0 |
| 205 | Social Service Consultant | | 0 | | 0 |
| 210 | Other Consultant | | 280 | | 280 |
| 215 | TOTAL CONSULTANT COST (Lines 160 through 210) | | $ 10,610 | $ 0 | $ 10,610 |
| | **EXPENSES: ADMINISTRATIVE COSTS** | | | | |
| 220 | Administrative Salaries ** | | $ 0 | $ | $ 0 |
| 225 | Administrative Fringe Benefits | | 0 | | 0 |
| 226 | Quality Assurance Fees (excluding Adult Day Services) | | 17,481 | | 17,481 |
| 230 | Other General and Administrative*** (Excluding Adult Day Services) | 1 | 89,447 | (6,136) | 83,311 |
| 235 | TOTAL ADMINISTRATIVE COST (Lines 220 through 230) | | $ 106,928 | $ (6,136) | $ 100,792 |
| | TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235) | | $ 339,480 | $ 0 | $ 339,480 |
| | **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) | | $ 339,480 | $ 0 | $ 339,480 |



** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

| Provider Name | Fiscal Period | Provider NPI | Adjustments |
|---|---|---|---|
| HARBOR VILLAGE III | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1851463483 | 1 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | RECLASSIFICATION OF REPORTED COSTS | | | |
| 1 | 4 | 080 | 4 | 2 | 080 | 3 | Home Operations and Maintenance | $1,829 | $6,136 | $7,965 |
| | 4.1 | 230 | 4 | 2 | 230 | 3 | Other General and Administrative | 89,447 | (6,136) | 83,311 |
| | | | | | | | To reclassify administrative expenses to the proper cost center. | | | |
| | | | | | | | 42 CFR 413.20 and 413.24 | | | |
| | | | | | | | CMS Pub. 15-1, Sections 2300 and 2304 | | | |
| | | | | | | | CCR, Title 22, Sections 52000(b) | | | |