

**REPORT
ON THE
RATE SETTING AUDIT
LINDLEY HOUSE TWO
RESEDA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1679783161
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: Henry Kwan
Auditor: Yanique French**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Belinda Betton, Controller
Therapeutic Living Centers for the Blind, Inc.
7915 Lindley Avenue
Reseda, California 91335

LINDLEY HOUSE TWO
NATIONAL PROVIDER IDENTIFIER (NPI) 1679783161
FISCAL PERIOD ENDED JUNE 30, 2012

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost 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	\$	733,797	\$ 167.08
Net Audit Adjustment		(1,073)	(0.25)
Audited Cost/Cost Per Day	\$	<u>732,724</u>	\$ <u>166.83</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:
LINDLEY HOUSE TWO

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

Provider NPI:
1679783161

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	4,392	4,392
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>4,392</u>	<u>4,392</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>733,797</u>	\$ <u>732,724</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>167.08</u>	\$ <u>166.83</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:
LINDLEY HOUSE TWO

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

Provider NPI:
1679783161

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		\$ 8,598	\$	\$ 8,598
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		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,598	\$ 0	\$ 8,598
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 362	\$	\$ 362
085	Utilities		4,352		4,352
090	Client Transportation (excluding Adult Day Services)		5,670		5,670
095	Dietary		39,500		39,500
100	Personal Care and Laundry		24,958		24,958
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 74,842	\$ 0	\$ 74,842
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 83,440	\$ 0	\$ 83,440
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 23,852	\$	\$ 23,852
120	QMRP Fringe Benefits	5	12,810	(899)	11,911
125	Lead Salaries		79,788		79,788
130	Lead Fringe Benefits	5	40,975	(2,511)	38,464
135	Aides Salaries		215,593		215,593
140	Aides Fringe Benefits	5	84,306	202	84,508
145	Other Salaries	1, 4	18,152	2,653	20,805
150	Other Fringe Benefits	5	7,743	825	8,568
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 483,219	\$ 270	\$ 483,489

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LINDLEY HOUSE TWO

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

Provider NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,821	\$	\$ 1,821
165	Speech Pathology Consultant		2,799		2,799
170	Physical Therapy Consultant	1, 2	1,564	2,211	3,775
175	Occupational Therapy Consultant	1, 2, 3	7,193	(7,193)	0
180	Pharmacist Consultant		524		524
185	Nurse Consultant		0		0
190	Psychologist Consultant	9	4,687	(505)	4,182
195	Physician Consultant		2,776		2,776
200	Recreational Consultant		1,234		1,234
205	Social Service Consultant		0		0
210	Other Consultant		3,949		3,949
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 26,547	\$ (5,487)	\$ 21,060
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	4	\$ 48,729	\$ 56	\$ 48,785
225	Administrative Fringe Benefits	5, 6	15,450	2,711	18,161
226	Quality Assurance Fees (excluding Adult Day Services)		39,069		39,069
230	Other General and Administrative*** (Excluding Adult Day Services)	7, 8	37,343	1,377	38,720
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 140,591	\$ 4,144	\$ 144,735
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 733,797	\$ (1,073)	\$ 732,724
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		220,024		220,024
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 953,821	\$ (1,073)	\$ 952,748

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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	
LINDLEY HOUSE TWO							JULY 1, 2011 THROUGH JUNE 30, 2012	1679783161		9	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>RECLASSIFICATIONS OF REPORTED COSTS</u>											
1	4.1	145	4	2	145	3	Other Salaries	\$18,152	\$4,452	\$22,604 *	
	4.1	170	4	2	170	3	Physical Therapy Consultant	1,564	(1,564)	0 *	
	4.1	175	4	2	175	3	Occupational Therapy Consultant	7,193	(2,888)	4,305 *	
							To reclassify employee salaries 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				
2	4.1	170	4	2	170	3	Physical Therapy Consultant	*	\$0	\$3,775	
	4.1	175	4	2	175	3	Occupational Therapy Consultant	*	4,305	(3,775)	
							To reclassify consultant expenses 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	
LINDLEY HOUSE TWO							JULY 1, 2011 THROUGH JUNE 30, 2012	1679783161		9	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
ADJUSTMENTS TO REPORTED COSTS											
3	4.1	175	4	2	175	3	Occupational Therapy Consultant To eliminate consultant expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	*	\$530	(\$530)	\$0
4	4.1	145	4	2	145	3	Other Salaries	*	\$22,604	(\$1,799)	\$20,805
	4.1	220	4	2	220	3	Administrative Salaries To adjust salaries to agree with the labor distribution report and provider's working papers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		48,729	56	48,785
5	4.1	120	4	2	120	3	QMRP Fringe Benefits		\$12,810	(\$899)	\$11,911
	4.1	130	4	2	130	3	Lead Fringe Benefits		40,975	(2,511)	38,464
	4.1	140	4	2	140	3	Aides Fringe Benefits		84,306	202	84,508
	4.1	150	4	2	150	3	Other Fringe Benefits		7,743	825	8,568
	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust the reported employee benefits to agree with the labor distribution report and provider's working papers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		15,450	2,811	18,261 *
6	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust home office costs to agree with the filed Therapeutic Living Center for the Blind home office cost report for fiscal period ended June 30, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$18,261	(\$100)	\$18,161

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments	
LINDLEY HOUSE TWO							JULY 1, 2011 THROUGH JUNE 30, 2012		1679783161		9	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>ADJUSTMENTS TO REPORTED COSTS</u>												
	4.1	230	4	2	230	3	Other General and Administrative	\$37,343				
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		\$1,619			
8							To eliminate political contributions/lobby fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2139, 2300, and 2304		(242)	\$38,720		
									<u>\$1,377</u>			
9	4.1	190	4	2	190	3	Psychologist Consultant To eliminate consultant expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$4,687	(\$505)	\$4,182		