

**REPORT
ON THE
RATE SETTING AUDIT
LOMITA – DD HOMES
NORTH HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1780805002
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: Debra K. Blake
Auditor: Robert Miles**



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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Edna Ramos, Controller
The Help Group / Project Six
13130 Burbank Boulevard
Sherman Oaks, CA 91401

LOMITA – DD HOMES
NATIONAL PROVIDER IDENTIFIER (NPI) 1780805002
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	\$	383,578	\$ 174.67
Net Audit Adjustment		<u>4,705</u>	<u>2.14</u>
Audited Cost/Cost Per Day	\$	<u>388,283</u>	\$ <u>176.81</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$3,471, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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.

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.

Edna Ramos
Page 3

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:
LOMITA - DD HOMES

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

Provider NPI:
1780805002

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 10)	0	2,196
2. Medi-Cal Managed Care Days (Adj 10)	2,196	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>383,578</u>	\$ <u>388,283</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>174.67</u>	\$ <u>176.81</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 11)	\$ <u>NA</u>	\$ <u>3,471</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:
LOMITA - DD HOMES

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

Provider NPI:
1780805002

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		\$ 432	\$	\$ 432
050	Leases and Rentals		765		765
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		6,793		6,793
070	Property Insurance	3	3,787	(746)	3,041
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 11,777	\$ (746)	\$ 11,031
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 584	\$	\$ 584
085	Utilities		0		0
090	Client Transportation (excluding Adult Day Services)	4, 5	0	6,026	6,026
095	Dietary		16,406		16,406
100	Personal Care and Laundry	4, 7	18,007	(6,224)	11,783
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 34,997	\$ (198)	\$ 34,799
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 46,774	\$ (944)	\$ 45,830
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,907	\$	\$ 14,907
120	QMRP Fringe Benefits		2,863		2,863
125	Lead Salaries		159,586		159,586
130	Lead Fringe Benefits	1	30,966	(519)	30,447
135	Aides Salaries		0		0
140	Aides Fringe Benefits		0		0
145	Other Salaries		17,808		17,808
150	Other Fringe Benefits	1	2,980	519	3,499
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 229,110	\$ 0	\$ 229,110

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOMITA - DD HOMES

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

Provider NPI:
1780805002

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 0		0
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		169		169
185	Nurse Consultant		527		527
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		488		488
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 1,184	\$ 0	\$ 1,184
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 44,177		\$ 44,177
225	Administrative Fringe Benefits		8,409		8,409
226	Quality Assurance Fees (excluding Adult Day Services)	2, 5, 6	27,790	(6,738)	21,052
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 3, 5, 6, 8, 9	26,134	12,387	38,521
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 106,510	\$ 5,649	\$ 112,159
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 383,578	\$ 4,705	\$ 388,283
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0		\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 383,578	\$ 4,705	\$ 388,283

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		
LOMITA - DD HOMES							JULY 1, 2011 THROUGH JUNE 30, 2012	1780805002	11		
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	4.1	130	4	2	130	3	Lead Fringe Benefits	\$30,966	(\$519)	\$30,447	
	4.1	150	4	2	150	3	Other Fringe Benefits	2,980	519	3,499	
							To reclassify fringe benefits to reflect the allocation of fringe benefit based on salaries 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304				
2	4.1	226	4	2	226	3	Quality Assurance Fees	\$27,790	(\$3,033)	\$24,757 *	
	4.1	230	4	2	230	3	Other General and Administrative	26,134	3,033	29,167 *	
							To reconcile the reported expenses to agree with the provider's trial balance. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304				
3	4	070	4	2	070	3	Property Insurance	\$3,787	(\$746)	\$3,041	
	4.1	230	4	2	230	3	Other General and Administrative	* 29,167	746	29,913 *	
							To reclassify liability insurance 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				
4	4	100	4	2	100	3	Personal Care and Laundry	\$18,007	(\$5,917)	\$12,090 *	
	4	090	4	2	090	3	Client Transportation	0	5,917	5,917 *	
							To reclassify auto 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				
5	4.1	226	4	2	226	3	Quality Assurance Fees	* \$24,757	(\$389)	\$24,368 *	
	4	090	4	2	090	3	Client Transportation	* 5,917	109	6,026	
	4.1	230	4	2	230	3	Other General and Administrative	* 29,913	280	30,193 *	
							To reconcile the reported expenses to agree with the provider's quality assurance fee invoices. 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
LOMITA - DD HOMES							JULY 1, 2011 THROUGH JUNE 30, 2012		1780805002		11
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>											
6	4.1	226	4	2	226	3	Quality Assurance Fees	*	\$24,368	(\$3,316)	\$21,052
	4.1	230	4	2	230	3	Other General and Administrative	*	30,193	3,316	33,509 *
							To reclassify California Department of Public Health licensing fees 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	
LOMITA - DD HOMES							JULY 1, 2011 THROUGH JUNE 30, 2012	1780805002		11	
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 COSTS</u>											
7	4	100	4	2	100	3	Personal Care and Laundry To eliminate items not included in the routine rate. 42 CFR 413.20, 413.24 and 431.107 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	*	\$12,090	(\$307)	\$11,783
	4.1	230	4	2	230	3	Other General and Administrative	*	\$33,509		
8							To adjust home office costs to agree with the filed The Help Group 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			\$5,518	
9							To abate miscellaneous revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328			<u>(506)</u> <u>\$5,012</u>	\$38,521

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
LOMITA - DD HOMES			JULY 1, 2011 THROUGH JUNE 30, 2012				1780805002		11	
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u>										
10	2	C3	1	1	1	2	Medi-Cal Client Days	0	2,196	2,196
	2	C3	2	1	2	2	Medi-Cal Managed Care Days To reclassify Medi-Cal fee for service client days to the appropriate cost center. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	2,196	(2,196)	0

Provider Name				Fiscal Period				Provider NPI		Adjustments
LOMITA - DD HOMES				JULY 1, 2011 THROUGH JUNE 30, 2012				1780805002		11
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>ADJUSTMENT TO OTHER MATTERS</u>										
11	Not Reported			1	1	2	Overpayments To recover Medi-Cal overpayments because the share of cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$3,471	\$3,471