

**REPORT  
ON THE  
RATE SETTING AUDIT  
PEARLMAN HOUSE  
RESEDA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1285845719  
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

PEARLMAN HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI)1285845719  
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	\$	351,126	\$ 159.89
Net Audit Adjustment		(1,505)	(0.68)
Audited Cost/Cost Per Day	\$	<u>349,621</u>	\$ <u>159.21</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:**  
PEARLMAN HOUSE

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

**Provider NPI:**  
1285845719

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
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>351,126</u>	\$ <u>349,621</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>159.89</u>	\$ <u>159.21</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:  
PEARLMAN HOUSE

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

Provider NPI:  
1285845719

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 3,434	\$	\$ 3,434
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)		\$ 3,434	\$ 0	\$ 3,434
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 181	\$	\$ 181
085	Utilities		1,935		1,935
090	Client Transportation (excluding Adult Day Services)		5,593		5,593
095	Dietary		20,203		20,203
100	Personal Care and Laundry		13,101		13,101
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,013	\$ 0	\$ 41,013
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 44,447	\$ 0	\$ 44,447
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 16,786	\$	\$ 16,786
120	QMRP Fringe Benefits	6	7,079	(22)	7,057
125	Lead Salaries		45,303		45,303
130	Lead Fringe Benefits	6	22,371	(921)	21,450
135	Aides Salaries		83,750		83,750
140	Aides Fringe Benefits	6	36,005	(291)	35,714
145	Other Salaries	1	10,630	1,362	11,992
150	Other Fringe Benefits	6	5,482	232	5,714
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 227,406	\$ 360	\$ 227,766

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
PEARLMAN HOUSE

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

Provider NPI:  
1285845719

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
<b>EXPENSES: CONSULTANT COSTS</b>					
160	Dietician Consultant		\$ 1,076	\$	\$ 1,076
165	Speech Pathology Consultant		1,336		1,336
170	Physical Therapy Consultant	2	0	508	508
175	Occupational Therapy Consultant	1, 2	1,870	(1,870)	0
180	Pharmacist Consultant		295		295
185	Nurse Consultant		0		0
190	Psychologist Consultant	7	3,008	(114)	2,894
195	Physician Consultant		1,388		1,388
200	Recreational Consultant		717		717
205	Social Service Consultant		0		0
210	Other Consultant		2,295		2,295
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,985	\$ (1,476)	\$ 10,509
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **	5	\$ 24,195	\$ 26	\$ 24,221
225	Administrative Fringe Benefits	6	5,543	1,162	6,705
226	Quality Assurance Fees (excluding Adult Day Services)		17,674		17,674
230	Other General and Administrative*** (Excluding Adult Day Services)	3, 4	19,876	(1,577)	18,299
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 67,288	\$ (389)	\$ 66,899
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 351,126	\$ (1,505)	\$ 349,621
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		102,246		102,246
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 453,372	\$ (1,505)	\$ 451,867

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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	
PEARLMAN HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1285845719		7	
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					
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>											
1	4.1	145	4	2	145	3	Other Salaries	\$10,630	\$1,362	\$11,992	
	4.1	175	4	2	175	3	Occupational Therapy Consultant	1,870	(1,362)	508 *	
							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	\$508	\$508	
	4.1	175	4	2	175	3	Occupational Therapy Consultant	* 508	(508)	0	
							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
PEARLMAN HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1285845719		7
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
	4.1	230	4	2	230	3	Other General and Administrative	\$19,876		
3							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		(\$1,480)	
4							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		<u>(97)</u> <u>(\$1,577)</u>	\$18,299
5	4.1	220	4	2	220	3	Administrative Salaries To reconcile the reported salaries to agree with the labor distribution report and the provider's working papers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$24,195	\$26	\$24,221
6	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$7,079	(\$22)	\$7,057
	4.1	130	4	2	130	3	Lead Fringe Benefits	22,371	(921)	21,450
	4.1	140	4	2	140	3	Aides Fringe Benefits	36,005	(291)	35,714
	4.1	150	4	2	150	3	Other Fringe Benefits	5,482	232	5,714
	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust the reported employee benefits to agree with the labor distribution report and the provider's working papers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	5,543	1,162	6,705
7	4.1	190	4	2	190	3	Psychologist Consultant To adjust psychologist consultant expense to agree with the invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,008	(\$114)	\$2,894