REPORT
ON THE
RATE SETTING AUDIT

THIRD AVENUE HOUSE
UPLAND, 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: Ivy Kwan

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

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

THIRD AVENUE HOUSE
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	$	375,365	$	172.82
Net Audit Adjustment		0		0.00
Audited Cost/Cost Per Day	$	375,365	$	172.82

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:
THIRD AVENUE HOUSE

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)	2,172	2,172
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,172	2,172
5. Total Client Care Expenses (From Sch. 2)	$ 375,365	$ 375,365
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 172.82	$ 172.82
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
THIRD AVENUE HOUSE

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		$ 5,778	$	$ 5,778
050	Leases and Rentals		2,219		2,219
055	Real Property Taxes		0		0
060	Personal Property Taxes		2,949		2,949
065	Mortgage Interest		5,577		5,577
070	Property Insurance		498		498
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 17,021	$ 0	$ 17,021
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	$ 5,584	$ 2,081	$ 7,665
085	Utilities		7,005		7,005
090	Client Transportation (excluding Adult Day Services)		6,259		6,259
095	Dietary		10,926		10,926
100	Personal Care and Laundry		1,728		1,728
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 31,502	$ 2,081	$ 33,583
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 48,523	$ 2,081	$ 50,604
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 30,250	$	$ 30,250
120	QMRP Fringe Benefits		2,410		2,410
125	Lead Salaries		48,053		48,053
130	Lead Fringe Benefits		4,310		4,310
135	Aides Salaries		78,997		78,997
140	Aides Fringe Benefits		9,317		9,317
145	Other Salaries		22,126		22,126
150	Other Fringe Benefits		1,755		1,755
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 197,218	$ 0	$ 197,218

SUMMARY OF AUDITED FACILITY EXPENSES

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THIRD AVENUE HOUSE

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

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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		$ 1,213	$	$ 1,213
165	Speech Pathology Consultant		2,160		2,160
170	Physical Therapy Consultant		2,400		2,400
175	Occupational Therapy Consultant		2,160		2,160
180	Pharmacist Consultant		523		523
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		2,100		2,100
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		1,500		1,500
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 12,056	$ 0	$ 12,056
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		18,849		18,849
230	Other General and Administrative*** (Excluding Adult Day Services)	1	98,719	(2,081)	96,638
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 117,568	$ (2,081)	$ 115,487
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 375,365	$ 0	$ 375,365
	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)		$ 375,365	$ 0	$ 375,365

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
THIRD AVENUE HOUSE	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	$5,584	$2,081	$7,665
	4.1	230	4	2	230	3	Other General and Administrative	98,719	(2,081)	96,638
							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, Section 52000(b)			