

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MOUNTAIN HOME  
CLAREMONT, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1215143060**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2012**

**Audits Section—Rancho Cucamonga  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Julio M. Cueto  
Audit Supervisor: Virat Shah  
Auditor: Teresa Zapata**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

April 22, 2014

Richard Carlson, Administrator  
Mountain Home  
321 Poinsettia Avenue  
Corona Del Mar, CA 92625

MOUNTAIN HOME  
NATIONAL PROVIDER IDENTIFIER 1215143060  
FISCAL PERIOD ENDED DECEMBER 31, 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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	340,523	\$ 157.65
Net Audit Adjustment		<u>(9,262)</u>	<u>(5.07)</u>
Audited Cost/Cost Per Day	\$	<u>331,261</u>	\$ <u>152.58</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 \$7,260, 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.

Richard Carlson  
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If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief  
Audits Section—Rancho Cucamonga  
Financial Audits Branch

Certified

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

**Provider:**  
MOUNTAIN HOME

**Fiscal Period:**  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

**NPI:**  
1215143060

**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 9)	2,160	2,171
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,160</u>	<u>2,171</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>340,523</u>	\$ <u>331,261</u>
6. Average Client Cost Per Day (Line 5 ÷ Line 4)	\$ <u>157.65</u>	\$ <u>152.58</u>
7. Overpayments (Adj 10)	\$ <u>0</u>	\$ <u>(7,260)</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MOUNTAIN HOME

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1215143060

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		\$ 5,639	\$	\$ 5,639
050	Leases and Rentals				0
055	Real Property Taxes		3,078		3,078
060	Personal Property Taxes				0
065	Mortgage Interest	2	4,066	(4,066)	0
070	Property Insurance	1,3	4,465	(3,619)	846
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 17,248	\$ (7,685)	\$ 9,563
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 9,358	\$	\$ 9,358
085	Utilities		9,272		9,272
090	Client Transportation (excluding Adult Day Services)		8,337		8,337
095	Dietary		18,655		18,655
100	Personal Care and Laundry		2,490		2,490
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 48,112	\$ 0	\$ 48,112
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,360	\$ (7,685)	\$ 57,675
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		26,964		26,964
130	Lead Fringe Benefits	4	5,715	(100)	5,615
135	Aides Salaries		107,432		107,432
140	Aides Fringe Benefits	4	26,276	1,294	27,570
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 166,387	\$ 1,194	\$ 167,581

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MOUNTAIN HOME

Fiscal Period:  
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NPI:  
1215143060

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	5	\$ 1,099	\$ (165)	\$ 934
165	Speech Pathology Consultant		1,275		1,275
170	Physical Therapy Consultant	6	792	(96)	696
175	Occupational Therapy Consultant		1,020		1,020
180	Pharmacist Consultant		720		720
185	Nurse Consultant		8,666		8,666
190	Psychologist Consultant	6	3,450	(1,860)	1,590
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant - QMRP	5	6,845	(725)	6,120
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 23,867	\$ (2,846)	\$ 21,021
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 38,106	\$	\$ 38,106
225	Administrative Fringe Benefits	4	8,539	(542)	7,997
226	Quality Assurance Fees (excluding Adult Day Services)		20,749		20,749
230	Other General and Administrative*** (Excluding Adult Day Services)	1,2,4,7,8	17,515	617	18,132
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 84,909	\$ 75	\$ 84,984
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 340,523	\$ (9,262)	\$ 331,261
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 78,140	\$	\$ 78,140
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 418,663	\$ (9,262)	\$ 409,401

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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			NPI		Adjustments	
MOUNTAIN HOME				JANUARY 1, 2012 THROUGH DECEMBER 31, 2012			1215143060		10	
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>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4	070	4	2	070	3	Property Insurance	\$4,465	(\$3,813)	\$652 *
	4.1	230	4	2	230	3	Other General and Administrative To reclassify general and professional liability insurance expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	17,515	3,813	21,328 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	NPI	Adjustments		
MOUNTAIN HOME							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012	1215143060	10		
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.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
2	4	065	4	2	065	3	Mortgage Interest	\$4,066	(\$4,066)	\$0	
	4.1	230	4	2	230	3	Other General and Administrative To abate interest income against interest expense. 42 CFR 413.153(b)(2)(iii) CMS Pub. 15-1, Section 202.2	* 21,328	(289)	21,039 *	
3	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to agree with the property insurance invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$652	\$194	\$846	
4	4.1	130	4	2	130	3	Lead Fringe Benefits	\$5,715	(\$100)	\$5,615	
	4.1	140	4	2	140	3	Aides Fringe Benefits	26,276	1,294	27,570	
	4.1	225	4	2	225	3	Administrative Fringe Benefits	8,539	(542)	7,997	
	4.1	230	4	2	230	3	Other General and Administrative 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	* 21,039	(212)	20,827 *	
5	4.1	160	4	2	160	3	Dietician Consultant	\$1,099	(\$165)	\$934	
	4.1	210	4	2	210	3	Other Consultant - QMRP To reconcile the reported consultant expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	6,845	(725)	6,120	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	NPI	Adjustments		
MOUNTAIN HOME							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012	1215143060	10		
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.					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
6	4.1	170	4	2	170	3	Physical Therapy Consultant	\$792	(\$96)	\$696	
	4.1	190	4	2	190	3	Psychologist Consultant	3,450	(1,860)	1,590	
							To adjust consultant expenses for Physical Therapy and Psychologist to agree with the expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306				
	4.1	230	4	2	230	3	Other General and Administrative	* \$20,827			
7							To eliminate tax software expense since state and federal income taxes are not an allowable expense for patient care. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2122.2A, 2122.2B, 2300, and 2304		(\$1,195)		
8							To eliminate office lease expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)		(1,500) (\$2,695)	\$18,132	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				NPI		Adjustments
MOUNTAIN HOME				JANUARY 1, 2012 THROUGH DECEMBER 31, 2012				1215143060		10
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>										
9	2	3	1	1	1		Medi-Cal Client Days To adjust total patient days to agree with the provider's patient census reports. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304	2,160	11	2,171

Provider Name				Fiscal Period				NPI		Adjustments
MOUNTAIN HOME				JANUARY 1, 2012 THROUGH DECEMBER 31, 2012				1215143060		10
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>										
10	N/A			1	7		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	\$7,260	\$7,260