

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MONARCH HOME  
VISTA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1760660336**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

**Audits Section—San Diego  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Patricia M. Fox  
Audit Supervisor: Sergio Gonzalez  
Auditor: Pasia M. Gutierrez**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 27, 2013

Herminio F. Deleon, Administrator  
Monarch Home  
877 Muirfield Drive  
Oceanside, CA 92058

MONARCH HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1760660336  
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, 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	\$	341,451	\$ 156.99
Net Audit Adjustment		(5,647)	(3.44)
Audited Cost/Cost Per Day	\$	<u>335,804</u>	\$ <u>153.55</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 \$474, 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

Herminio F. Deleon  
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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.

If you have questions regarding this report, you may call the Audits Section—San Diego at (619) 688-3200.

Originally signed by:

Patricia M. Fox, Chief  
Audits Section—San Diego  
Financial Audits Branch

Certified

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

**Provider:**  
MONARCH HOME

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

**NPI:**  
1760660336

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adjs 9, 10)	1,695	1,707
2. Medi-Cal Managed Care Days (Adj 9)	115	114
3. Other Client Days (Adj 10)	365	366
4. Total Client Days	<u>2,175</u>	<u>2,187</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>341,451</u>	\$ <u>335,804</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>156.99</u>	\$ <u>153.55</u>

**OVERPAYMENTS**

1. Share of Cost (Adj 11)	\$ 0	\$ 474
2. Duplicate Payments (Adj )	\$ 0	\$ 0
3. Credit Balances (Adj )	\$ 0	\$ 0
4. Total Overpayments	\$ <u>0</u>	\$ <u>474</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MONARCH HOME

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

NPI:  
1760660336

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		\$	\$	\$ 0
050	Leases and Rentals	1	26,400		26,400
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 26,400	\$ 0	\$ 26,400
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 1,407	\$	\$ 1,407
085	Utilities	1	7,112		7,112
090	Client Transportation (excluding Adult Day Services)	1, 3, 4, 5, 6	2,367	135	2,502
095	Dietary	1, 7	19,052	(624)	18,428
100	Personal Care and Laundry	1	4,545		4,545
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 34,483	\$ (489)	\$ 33,994
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 60,883	\$ (489)	\$ 60,394
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	1, 8	\$ 46,500	\$ 300	\$ 46,800
120	QMRP Fringe Benefits	2	0	2,179	2,179
125	Lead Salaries	1	52,000		52,000
130	Lead Fringe Benefits	2	0	2,421	2,421
135	Aides Salaries	1	115,900		115,900
140	Aides Fringe Benefits	2	0	5,396	5,396
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		* \$ 214,700	\$ 10,296	\$ 224,696

\*Line 155 and Line 245 do not foot, Provider incorrectly put \$46,500 when it should had been \$46,800 in Line 115. Audits corrected the mistake with adjustment 8. The total in Line 155 and Line 245 included the \$300 that is not reported in Line 115.

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MONARCH HOME

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

NPI:  
1760660336

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	\$ 1,650	\$	\$ 1,650
165	Speech Pathology Consultant	1	270		270
170	Physical Therapy Consultant	1	435		435
175	Occupational Therapy Consultant	1	1,513		1,513
180	Pharmacist Consultant	1	140		140
185	Nurse Consultant	1	5,665		5,665
190	Psychologist Consultant	1	2,950		2,950
195	Physician Consultant	1	2,200		2,200
200	Recreational Consultant	1	587		587
205	Social Service Consultant				0
210	Other Consultant	1	205		205
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 15,615	\$ 0	\$ 15,615
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries	1	\$ 10,780	\$	\$ 10,780
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative (excluding Adult Day Services)	1, 2, 3, 7	39,473	(15,154)	24,319
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 50,253	\$ (15,154)	\$ 35,099
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		* \$ 341,451	\$ (5,347)	\$ 335,804
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation	1	128,728		128,728
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		* \$ 470,179	\$ (5,347)	\$ 464,532

\*Line 155 and Line 245 do not foot, Provider incorrectly put \$46,500 when it should had been \$46,800 in Line 115. Audits corrected the mistake with adjustment 8. The total in Line 155 and Line 245 included the \$300 that is not reported in Line 115.

Provider Name							Fiscal Period			NPI		Adjustments
MONARCH HOME							JULY 1, 2011 THROUGH JUNE 30, 2012			1760660336		11
Report References							Explanation of Audit Adjustment			As Reported	Increase (Decrease)	As Adjusted
Cost Report				Audit Report								
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col.						
<p>1</p> <p>The reported cost on page 4 and 4.1, column 2 did not flow to cost report page 4 and 4.1, column 4. As a result, page 4 and 4.1, column 2 will be used as the reported amount on the audit report. This is in accordance with 42 CFR 413.20 and 413.24 and CMS Pub. 15-1, Sections 2300 and 2304.</p>							<p><u>MEMORANDUM ADJUSTMENT</u></p>					

Provider Name		Fiscal Period					NPI		Adjustments	
MONARCH HOME		JULY 1, 2011 THROUGH JUNE 30, 2012					1760660336		11	
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHCS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
2	4.1 of 6	120	4	2	120		QMRP Fringe Benefits	\$0	\$2,179	\$2,179
	4.1 of 6	130	4	2	130		Lead Fringe Benefits	0	2,421	2,421
	4.1 of 6	140	4	2	140		Aides Fringe Benefits	0	5,396	5,396
	4.1 of 6	230	4	2	230		Other General and Administrative	39,473	(9,996)	29,477 *
							To reclassify benefits expenses to the appropriate cost centers for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
3	4 of 6	090	4	2	090		Client Transportation	\$2,367	\$4,895	\$7,262 *
	4.1 of 6	230	4	2	230		Other General and Administrative	* 29,477	(4,895)	24,582 *
							To reclassify client transportation expenses to the appropriate cost center for proper cost determination. 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	NPI		Adjustments
MONARCH HOME							JULY 1, 2011 THROUGH JUNE 30, 2012	1760660336		11
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHCS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
4	4 of 6	090	4	2	090	Client Transportation To reconcile the client transportation expenses to agree with the provider's trial balance. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$7,262	(\$2,367)	\$4,895 *
5	4 of 6	090	4	2	090	Client Transportation To eliminate client transportation expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$4,895	(\$868)	\$4,027 *
6	4 of 6	090	4	2	090	Client Transportation To eliminate client transportation expense that should have been capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 2300, and 2304	*	\$4,027	(\$1,525)	\$2,502
7	4 of 6 4.1 of 6	095 230	4 4	2 2	095 230	Dietary Other General and Administrative To eliminate expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$19,052 24,582	(\$624) (263)	\$18,428 24,319
8	4.1 of 6	115	4	2	115	QMRP Salaries To include \$300 of QMRP Salaries that were not included by the provider and to make the total of line 155 and line 245 foot. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$46,500	\$300	\$46,800

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	NPI	Adjustments	
MONARCH HOME							JULY 1, 2011 THROUGH JUNE 30, 2012	1760660336	11	
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHCS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED CLIENT DAYS</u></b>										
9	2 of 6	3	1	1	1		Medi-Cal Client Days	1,695	7	1,702 *
	2 of 6	3	2	1	2		Medi-Cal Manage Care Days	115	(1)	114
							To reconcile client days to agree with the provider's client census reports.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
10	2 of 6	3	1	1	1		Medi-Cal Client Days	* 1,702	5	1,707
	2 of 6	3	3	1	3		Other Client Days	365	1	366
							To include February 29, 2012 in the client days.			
							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			NPI		Adjustments
MONARCH HOME							JULY 1, 2011 THROUGH JUNE 30, 2012			1760660336		11
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted		
Cost Report			Audit Report									
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col.						
	DHCS 3076						<u>ADJUSTMENT TO OTHER MATTERS</u>					
11	N/A			1	1	Medi-Cal Overpayments To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. CCR, Title 22, Section 51458.1		\$0	\$474	\$474		