

**REPORT  
ON THE  
RATE SETTING AUDIT**

**CIRCLEBROOK  
LOMA LINDA , CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1669509402**

**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: Lucia Martinez  
Auditor: Daniela Bitá-Mocanu**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 5, 2014

Cynthia Capetillo  
Chief Financial Officer  
Mountain View Child Care, Inc.  
1720 Mountain View Avenue  
Loma Linda, CA 92354

CIRCLEBROOK  
NATIONAL PROVIDER IDENTIFIER (NPI) 1669509402  
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	\$	1,038,215	\$ 197.08
Net Audit Adjustment		(218)	(0.45)
Audited Cost/Cost Per Day	\$	<u>1,037,997</u>	\$ <u>196.63</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.

Cynthia Capetillo  
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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—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:**  
CIRCLEBROOK

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

**NPI:**  
1669509402

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 4)	<u>5,268</u>	<u>5,279</u>
2. Medi-Cal Managed Care Days (Adj )	<u>0</u>	<u>0</u>
3. Other Client Days (Adj )	<u>0</u>	<u>0</u>
4. Total Client Days	<u><u>5,268</u></u>	<u><u>5,279</u></u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u><u>1,038,215</u></u>	\$ <u><u>1,037,997</u></u>
6. Average Client Cost Per Day (Line 5 ÷ Line 4)	\$ <u><u>197.08</u></u>	\$ <u><u>196.63</u></u>
7. Overpayments (Adj )	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
CIRCLEBROOK

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

NPI:  
1669509402

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		\$ 3,993	\$	\$ 3,993
050	Leases and Rentals		0		0
055	Real Property Taxes		27,786		27,786
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance	1, 3	15,308	(14,101)	1,207
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 47,087	\$ (14,101)	\$ 32,986
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 45,084	\$	\$ 45,084
085	Utilities		11,459		11,459
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		107,215		107,215
100	Personal Care and Laundry		10,228		10,228
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 173,986	\$ 0	\$ 173,986
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 221,073	\$ (14,101)	\$ 206,972
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 41,143	\$	\$ 41,143
120	QMRP Fringe Benefits	2	13,943	(1,623)	12,320
125	Lead Salaries		0		0
130	Lead Fringe Benefits		0		0
135	Aides Salaries		204,338		204,338
140	Aides Fringe Benefits	2	60,294	893	61,187
145	Other Salaries		167,013		167,013
150	Other Fringe Benefits	2	49,281	730	50,011
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 536,012	\$ 0	\$ 536,012

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
CIRCLEBROOK

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

NPI:  
1669509402

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		\$ 4,076	\$	\$ 4,076
165	Speech Pathology Consultant		2,280		2,280
170	Physical Therapy Consultant		2,280		2,280
175	Occupational Therapy Consultant		2,280		2,280
180	Pharmacist Consultant		0		0
185	Nurse Consultant		37,045		37,045
190	Psychologist Consultant		0		0
195	Physician Consultant		15,565		15,565
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		6,410		6,410
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 69,936	\$ 0	\$ 69,936
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 17,928	\$	\$ 17,928
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		64,843		64,843
230	Other General and Administrative*** (Excluding Adult Day Services)	1	128,423	13,883	142,306
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 211,194	\$ 13,883	\$ 225,077
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 1,038,215	\$ (218)	\$ 1,037,997
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 150	\$	\$ 150
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 1,038,365	\$ (218)	\$ 1,038,147

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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		
CIRCLEBROOK							JANUARY 1, 2012 THROUGH DECEMBER 31, 2012	1669509402	4		
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.					
<b>RECLASSIFICATIONS OF REPORTED COSTS</b>											
1	4	070	4	2	070	3	Property Insurance	\$15,308	(\$13,883)	\$1,425 *	
	4.1	230	4	2	230	3	Other General and Administrative To reclassify auto, D&O, and liability insurance 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	128,423	13,883	142,306	
2	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$13,943	(\$1,623)	\$12,320	
	4.1	140	4	2	140	3	Aides Fringe Benefits	60,294	893	61,187	
	4.1	150	4	2	150	3	Other Fringe Benefits To reclassify direct care staff employee benefits 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	49,281	730	50,011	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				NPI		Adjustments	
CIRCLEBROOK				JANUARY 1, 2012 THROUGH DECEMBER 31, 2012				1669509402		4	
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 COSTS</u>											
3	4	070	4	2	070	3	Property Insurance To adjust insurance expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$1,425	(\$218)	\$1,207

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				NPI		Adjustments
CIRCLEBROOK				JANUARY 1, 2012 THROUGH DECEMBER 31, 2012				1669509402		4
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>										
4	2	3	1	1	1		Medi-Cal Client Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2012 through December 31, 2012 Payment Period: January 1, 2012 through January 10, 2014 Report Date: January 17, 2014 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64 and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404 and 2408 CCR, Title 22, Section 51511	5,268	11	5,279