

**REPORT
ON THE
RATE SETTING AUDIT**

**SUNRISE II
SAN RAFAEL, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1528225455**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Louise Wong
Audit Supervisor: David Mui
Auditors: Tyler Zeng and Yosief Hailemichael**



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



EDMUND G. BROWN JR.
GOVERNOR

January 25, 2012

Brent Kush, Administrator
Lifehouse Inc.
100 Smith Ranch Road, Suite 309
San Rafael, CA 94903

SUNRISE II
NATIONAL PROVIDER IDENTIFIER (NPI) 1528225455
FISCAL PERIOD ENDED JUNE 30, 2010

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	\$	540,450	\$ 250.44
Net Audit Adjustment		<u>(8,332)</u>	<u>(7.64)</u>
Audited Cost/Cost Per Day	\$	<u>532,118</u>	\$ <u>242.98</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 \$1,570 which resulted from Medi-Cal overpayments.

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department.

The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement 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 Medi-Cal Benefits, Waiver Analysis and Rates 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:

John Melton, 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.

Brent Kush
Page 3

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

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

Provider:
SUNRISE II

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

Provider NPI:
1528225455

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,158	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days (Adj 7)	<u>2,158</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>540,450</u>	\$ <u>532,118</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>250.44</u>	\$ <u>242.98</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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OVERPAYMENTS

1. Medi-Cal Overpayments (Adj 8)	\$ <u>0</u>	\$ <u>1,570</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>1,570</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE II

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

Provider NPI:
1528225455

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		\$ 19,982	\$ 0	\$ 19,982
050	Leases and Rentals		0		0
055	Real Property Taxes		994	0	994
060	Personal Property Taxes		0		0
065	Mortgage Interest		17,132	0	17,132
070	Property Insurance		1,282	0	1,282
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 39,390	\$ 0	\$ 39,390
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 16,382	\$ 0	\$ 16,382
085	Utilities	1	13,301	(1,019)	12,282
090	Client Transportation (excluding Adult Day Services)		11,506	0	11,506
095	Dietary	6	16,149	642	16,791
100	Personal Care and Laundry	2, 6	5,849	(5,330)	519
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 63,187	\$ (5,707)	\$ 57,480
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 102,577	\$ (5,707)	\$ 96,870
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 27,530	\$ 0	\$ 27,530
120	QMRP Fringe Benefits		7,542	0	7,542
125	Lead Salaries		34,127	0	34,127
130	Lead Fringe Benefits		9,349	0	9,349
135	Aides Salaries		189,535	0	189,535
140	Aides Fringe Benefits		51,921	0	51,921
145	Other Salaries		3,679	0	3,679
150	Other Fringe Benefits		1,008	0	1,008
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 324,691	\$ 0	\$ 324,691

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE II

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

Provider NPI:
1528225455

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 472	\$ 0	\$ 472
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant	3	11,130	(210)	10,920
190	Psychologist Consultant		0		0
195	Physician Consultant		1,200	0	1,200
200	Recreational Consultant		0		0
205	Social Service Consultant		700	0	700
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,502	\$ (210)	\$ 13,292
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$ 6,688	\$ 0	\$ 6,688
225	Administrative Fringe Benefits		1,832	0	1,832
226	Quality Assurance Fees (excluding Adult Day Services)	4	17,132	1,627	18,759
230	Other General and Administrative*** (excluding Adult Day Services)	5	74,028	(4,042)	69,986
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 99,680	\$ (2,415)	\$ 97,265
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 540,450	\$ (8,332)	\$ 532,118
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 540,450	\$ (8,332)	\$ 532,118

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name		Fiscal Period				Provider NPI		Adjustments		
SUNRISE II		JULY 1, 2009 THROUGH JUNE 30, 2010				1528225455		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted		
		Line	Col.	Sch.	Line				Col.	
ADJUSTMENTS TO REPORTED COSTS										
1	4	085	4	2	085	3	Utilities To eliminate expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	\$13,301	(\$1,019)	\$12,282
2	4	100	4	2	100	3	Personal Care and Laundry To eliminate expense not included in the rate. CCR, Title 22, 51510.2 CMS Pub. 15-1, Sections 2300, 2302.7, and 2304	\$5,849	(\$5,637)	\$212 *
3	4.1	185	4	2	185	3	Nurse Consultant To adjust Nurse Consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,130	(\$210)	\$10,920
4	4.1	226	4	2	226	3	Quality Assurance Fees To adjust quality assurance fees to agree with the provider's General Ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$17,132	\$1,627	\$18,759
5	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Lifehouse Inc. Home Office Audit Report for fiscal period ended June 30, 2010. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$74,028	(\$4,042)	\$69,986
6	4	095	4	2	095	3	Dietary	\$16,149	\$642	\$16,791
	4	100	4	2	100	3	Personal Care and Laundry To include expense allowable in the Medi-Cal rate. 42 CFR 413.24 CMS Pub. 15-1, Section 2102.2 CCR, Title 22, 51510.2	212	307	519
								*		

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments		
SUNRISE II		JULY 1, 2009 THROUGH JUNE 30, 2010		1528225455		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Col.	Col.	
		Cost Report	Audit Report					AS Reported
7	2	3	1	1	1	2	2,158	2,190
	2	3	3	4	1	2	2,158	2,190
<p style="text-align: center;">ADJUSTMENT TO REPORTED PATIENT DAYS</p> <p>To adjust reported Medi-Cal Client days and Total Client Days based the following Fiscal Intermediary Payment Data: Service Period: July 01, 2009 through June 30, 2010 Payment Period: July 01, 2009 through August 11, 2011 Report Date: August 12, 2011 Report Date: August 12, 2011 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541</p>								

Provider Name		Fiscal Period		Provider NPI		Adjustments		
SUNRISE II		JULY 1, 2009 THROUGH JUNE 30, 2010		1528225455		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Line	Col.	
		Cost Report	Audit Report					AS Reported
8	Not Reported	1	1	2	Medi-Cal Overpayment	\$0	\$1,570	\$1,570
<p>To recover Medi-Cal overpayments due to improper billing. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 51510.2, 51313, and 51458.1</p>								
ADJUSTMENT TO OTHER MATTERS								

