

**REPORT  
ON THE  
RATE SETTING AUDIT**

**THE ARC OF SAN DIEGO—MT. VERNON  
LEMON GROVE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1962684795**

**FISCAL PERIOD ENDED  
JUNE 30, 2010**

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

**Section Chief: Patricia M. Fox  
Audit Supervisor: Woosung Lee  
Auditor: Stacey A. Leon**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

December 12, 2011

Chad Lyle  
Vice President of Finance/CFO  
The Arc of San Diego  
3030 Market Street  
San Diego, CA 92102

THE ARC OF SAN DIEGO—MT. VERNON  
NATIONAL PROVIDER IDENTIFIER (NPI) 1962684795  
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, 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	\$	359,913	\$ 246.52
Net Audit Adjustment		<u>0</u>	<u>(30.87)</u>
Audited Cost/Cost Per Day	\$	<u>359,913</u>	\$ <u>215.65</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 Medi-Cal Benefits, Waiver Analysis and Rates Division.

Chad Lyle  
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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—San Diego at (619) 688-3200.

Original 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:**  
THE ARC OF SAN DIEGO—MT. VERNON

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

**NPI:**  
1962684795

**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 1)	1,460	1,669
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>1,460</u>	<u>1,669</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>359,913</u>	\$ <u>359,913</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>246.52</u>	\$ <u>215.65</u>

**SHARE OF COST**

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

1. Duplicate Payments (Adj )	\$ <u>0</u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
THE ARC OF SAN DIEGO—MT. VERNON

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

NPI:  
1962684795

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		\$ 5,396	\$	\$ 5,396
050	Leases and Rentals				0
055	Real Property Taxes		466		466
060	Personal Property Taxes				0
065	Mortgage Interest		5,908		5,908
070	Property Insurance		2,220		2,220
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,990	\$ 0	\$ 13,990
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 18,018	\$	\$ 18,018
085	Utilities		7,218		7,218
090	Client Transportation (excluding Adult Day Services)		6,546		6,546
095	Dietary		13,822		13,822
100	Personal Care and Laundry		10,759		10,759
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)*		\$ 56,363	\$ 0	\$ 56,363
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,353	\$ 0	\$ 70,353
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,991	\$	\$ 13,991
120	QMRP Fringe Benefits		1,687		1,687
125	Lead Salaries		34,647		34,647
130	Lead Fringe Benefits		6,746		6,746
135	Aides Salaries		85,322		85,322
140	Aides Fringe Benefits		15,179		15,179
145	Other Salaries		25,068		25,068
150	Other Fringe Benefits		4,498		4,498
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 187,138	\$ 0	\$ 187,138

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
THE ARC OF SAN DIEGO—MT. VERNON

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

NPI:  
1962684795

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		\$ 499	\$	\$ 499
165	Speech Pathology Consultant		155		155
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		850		850
180	Pharmacist Consultant		100		100
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		1,625		1,625
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 3,229	\$ 0	\$ 3,229
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		18,243		18,243
230	Other General and Administrative (excluding Adult Day Services)		80,950		80,950
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 99,193	\$ 0	\$ 99,193
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 359,913	\$ 0	\$ 359,913
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
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)*		\$ 359,913	\$ 0	\$ 359,913

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\* Includes \$1.00 variance, due to provider's rounding.

Provider Name							Fiscal Period	NPI		Adjustments
THE ARC OF SAN DIEGO—MT. VERNON							JULY 1, 2009 THROUGH JUNE 30, 2010	1962684795		1
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b>										
1	2 of 6	3	1	1	1		Medi-Cal Client Days To adjust Medi-Cal client days to agree with the provider's client census reports. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304	1,460	209	1,669