REPORT
ON THE
RATE SETTING AUDIT

ELIZABETH HOMES III
BUENA PARK, CALIFORNIA
PROVIDER NUMBER: LTC60870F
NATIONAL PROVIDER IDENTIFIER: 1437241692

FISCAL PERIOD ENDED
JUNE 30, 2010

Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Margaret A. Varho
Audit Supervisor: Henry Igboke
Auditor: Ally Lo

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: November 18, 2011

Elizabeth G. Santos, Administrator
Elizabeth Homes III
6287 San Ricardo Way
Buena Park, CA 90620

ELIZABETH HOMES III
PROVIDER NO. LTC60870F
NATIONAL PROVIDER IDENTIFIER: 1437241692
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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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	369,886	$	168.90
Net Audit Adjustment		(33,507)		(15.30)
Audited Cost/Cost Per Day	$	336,379	$	153.60

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 Rate Development Branch.

605 W Santa Ana Blvd, Bldg 28, Ste 830, Santa Ana, CA 92701-4146
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.ca.gov

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—Santa Ana at (714) 558-4434.

(***Original signed by Margaret Varho***)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 5)	2,190	0
2. Medi-Cal Managed Care Days (Adj 5)	0	2,190
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,190	2,190
5. Total Client Care Expenses (From Sch. 2)	$ 369,886	$ 336,379
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 168.90	$ 153.60
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

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	1	$ 4,360	$ (3,619)	$ 741
050	Leases and Rentals		0		0
055	Real Property Taxes		2,581		2,581
060	Personal Property Taxes		0		0
065	Mortgage Interest	2	12,632	(12,632)	0
070	Property Insurance		1,008		1,008
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 20,581	$ (16,251)	$ 4,330
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 11,119	$	$ 11,119
085	Utilities		5,012		5,012
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		12,765		12,765
100	Personal Care and Laundry		1,235		1,235
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 30,131	$ 0	$ 30,131
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 50,712	$ (16,251)	$ 34,461
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 9,525	$	$ 9,525
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		35,349		35,349
130	Lead Fringe Benefits		2,984		2,984
135	Aides Salaries		102,867		102,867
140	Aides Fringe Benefits		8,660		8,660
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 159,385	$ 0	$ 159,385

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ELIZABETH HOMES III

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

Provider NPI:
1437241692

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 960	$	$ 960
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		2,200		2,200
180	Pharmacist Consultant		380		380
185	Nurse Consultant		11,500		11,500
190	Psychologist Consultant	3	3,031	(631)	2,400
195	Physician Consultant		0		0
200	Recreational Consultant		1,980		1,980
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 20,051	$ (631)	$ 19,420
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		30,484		30,484
230	Other General and Administrative*** (Excluding Adult Day Services)	4	109,254	(16,625)	92,629
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 139,738	$ (16,625)	$ 123,113
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 369,886	$ (33,507)	$ 336,379
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
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)		$ 369,886	$ (33,507)	$ 336,379

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
ELIZABETH HOMES III	JULY 1, 2009 THROUGH JUNE 30, 2010	1437241692	5

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
1	4	045	3	2	045	3	Depreciation and Amortization To adjust depreciation expense to agree with the provider's supportir documentation 42 CFR 413.17, 4130.20, and 413.24 CMS Pub. 15-1, Section 1011.5	$4,360	($3,619)	$741
2	4	065	3	2	065	3	Mortgage Interest To eliminate mortgage interest expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 202.2, 2300, and 2304	$12,632	($12,632)	$0
3	4.1	190	3	2	190	3	Psychologist Consultant To eliminate psychologist consultant expenses not related to current audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	$3,031	($631)	$2,400
4	4.1	230	3	2	230	3	Other General and Administrative To adjust the administrator compensation allocation based on audited working hours. 42 CFR 413.102, 413.5, 413.9, and 413.24 CMS Pub. 15.-1, Sections 904.1, 2136.2 and 2304	$109,254	($16,625)	$92,629

Provider Name	Fiscal Period	Provider NPI	Adjustments
ELIZABETH HOMES III	JULY 1, 2009 THROUGH JUNE 30, 2010	1437241692	5

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED PATIENT DAYS			
5	2	3		1	1		Medi-Cal Client Days	2,190	(2,190)	0
	Not Reported			1	3		Medi-Cal Managed Care Days	0	2,190	2,190
							To reclassify Medi-Cal Client Days to Medi-Cal Managed Care Days.			
							42 CFR 413.20 and 413.50			
							CMS Pub. 15-1, Sections 2205 and 2304			