

**REPORT  
ON THE  
RATE SETTING AUDIT  
ARCHWOOD HOUSE  
WEST HILLS, CALIFORNIA  
PROVIDER NPI: 1336292069  
FISCAL PERIOD ENDED  
JUNE 30, 2010**

**Audits Section - Burbank  
Financial Audits Branch  
Audits and Investigations  
California Department of Health Care Services**

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Gertrude Lake  
Auditor: Lok Lui**



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



EDMUND G. BROWN JR.  
GOVERNOR

November 22, 2011

Viji Krishnaswamy  
Finance Manager  
Valley Village  
20830 Sherman Way  
Winnetka, CA 91306

PROVIDER: ARCHWOOD HOUSE  
PROVIDER NPI: 1336292069  
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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	\$	324,335	\$ 149.05
Net Audit Adjustment		<u>(3,974)</u>	<u>(1.83)</u>
Audited Cost/Cost Per Day	\$	<u>320,361</u>	\$ <u>147.22</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 Rate Development Branch.

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—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

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

**Provider:**  
ARCHWOOD HOUSE

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

**Provider NPI:**  
1336292069

**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 )	2,176	2,176
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,176</u>	<u>2,176</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>324,335</u>	\$ <u>320,361</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>149.05</u>	\$ <u>147.22</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 7)	\$ <u>NA</u>	\$ <u>(2,758)</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:  
ARCHWOOD HOUSE

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

Provider NPI:  
1336292069

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	\$ 0	\$ 0
050	Leases and Rentals		0	0	0
055	Real Property Taxes		0	0	0
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		0	0	0
070	Property Insurance		2,659	0	2,659
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 2,659	\$ 0	\$ 2,659
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 225	\$ 0	\$ 225
085	Utilities		2,256	0	2,256
090	Client Transportation (excluding Adult Day Services)		11,880	0	11,880
095	Dietary		23,897	0	23,897
100	Personal Care and Laundry	1,2,3	7,619	(2,749)	4,870
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,877	\$ (2,749)	\$ 43,128
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 48,536	\$ (2,749)	\$ 45,787
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 11,859	\$ 0	\$ 11,859
120	QMRP Fringe Benefits		2,298	0	2,298
125	Lead Salaries		58,040	0	58,040
130	Lead Fringe Benefits		11,912	0	11,912
135	Aides Salaries	5	65,537	(1,059)	64,478
140	Aides Fringe Benefits		7,049	0	7,049
145	Other Salaries	4	27,467	(63)	27,404
150	Other Fringe Benefits		5,828	0	5,828
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 189,990	\$ (1,122)	\$ 188,868

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ARCHWOOD HOUSE

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

Provider NPI:  
1336292069

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		\$ 734	\$ 0	\$ 734
165	Speech Pathology Consultant		448	0	448
170	Physical Therapy Consultant		0	0	0
175	Occupational Therapy Consultant		1,788	0	1,788
180	Pharmacist Consultant		450	0	450
185	Nurse Consultant		0	0	0
190	Psychologist Consultant		2,629	0	2,629
195	Physician Consultant	6	1,579	(103)	1,476
200	Recreational Consultant		0	0	0
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,628	\$ (103)	\$ 7,525
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **		\$ 0	\$ 0	\$ 0
225	Administrative Fringe Benefits		0	0	0
226	Quality Assurance Fees (excluding Adult Day Services)		22,219	0	22,219
230	Other General and Administrative*** (Excluding Adult Day Services)		55,962	0	55,962
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 78,181	\$ 0	\$ 78,181
TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)			\$ 324,335	\$ (3,974)	\$ 320,361
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services		\$ 913	\$ 0	\$ 913
241	Adult Day Services and Related Transportation		0	0	0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 325,248	\$ (3,974)	\$ 321,274

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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				Provider NPI		Adjustments		
ARCHWOOD HOUSE		JULY 1, 2009 THROUGH JUNE 30, 2010				1336292069		7		
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Sch.	Col.					
<b>EXPLANATION OF AUDIT ADJUSTMENTS</b>										
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	100	4	2	100	3	Personal Care and Laundry To eliminate legend drugs expense since these are not included in the payment rate and are to be billed separately. 42 CFR 405.2470 CMS Pub. 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51510.1	\$7,619	(\$716)	\$6,903 *
2	4	100	4	2	100	3	Personal Care and Laundry To eliminate legend drugs and dental services expenses since these are not included in the payment rate and are to be billed separately. 42 CFR 405.2470 CMS Pub. 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51510.1	\$6,903	(\$1,958)	\$4,945 *
3	4	100	4	2	100	3	Personal Care and Laundry To eliminate prior year medical supplies expense. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$4,945	(\$75)	\$4,870
4	4.1	145	4	2	145	3	Other Salaries To adjust salaries to agree with the payroll register. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Section 2304	\$27,467	(\$63)	\$27,404
5	4.1	135	4	2	135	3	Aides Salaries To abate revenue received from the Regional Center against the program aides salary expenses as these expenses are recovered by the facility. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Sections 2302.5 and 2328	\$65,537	(\$1,059)	\$64,478

\*Balance carried forward from prior/to subsequent adjustments



Provider Name		Fiscal Period		Provider NPI		Adjustments						
ARCHWOOD HOUSE		JULY 1, 2009 THROUGH JUNE 30, 2010		1336292069		7						
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Col.	Line	Col.	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report									
7	Not Reported			1	1	2			Share of Cost To reflect Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Section 2409	\$0	\$2,758	\$2,758
<b>ADJUSTMENT TO OTHER MATTERS</b>												