REPORT
ON THE
RATE SETTING AUDIT

PALOMINO HOUSE
DIAMOND BAR, CALIFORNIA
PROVIDER NUMBER: LTC60293F
NATIONAL IDENTIFIER NUMBER: 1851463483

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: Stan Van Arsdale
Auditor: Ivy Kwan

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: December 14, 2011

P. Dennis Mattson, President
Independent Options, Inc.
391 Corporate Terrace Circle, Ste. 102
Corona, CA 92879

PALOMINO HOUSE
PROVIDER NO. LTC60293F
NATIONAL PROVIDER IDENTIFIER: 1851463483
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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	$	344,062	$	165.57
Net Audit Adjustment		0		0
Audited Cost/Cost Per Day	$	344,062	$	165.57

This audit report includes the:

1. Audit Report Schedules 1 and 2

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:
PALOMINO HOUSE

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

Provider NPI:
1851463483

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,078	2,078
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	2,078	2,078
5. Total Client Care Expenses (From Sch. 2)	$ 344,062	$ 344,062
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 165.57	$ 165.57
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PALOMINO HOUSE

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

Provider NPI:
1851463483

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		$ 399	$	$ 399
050	Leases and Rentals		32,694		32,694
055	Real Property Taxes		0		0
060	Personal Property Taxes		64		64
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 33,157	$ 0	$ 33,157
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 8,025	$	$ 8,025
085	Utilities		6,531		6,531
090	Client Transportation (excluding Adult Day Services)		5,197		5,197
095	Dietary		12,173		12,173
100	Personal Care and Laundry		3,821		3,821
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 35,747	$ 0	$ 35,747
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 68,904	$ 0	$ 68,904
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 15,600	$	$ 15,600
120	QMRP Fringe Benefits		1,329		1,329
125	Lead Salaries		25,821		25,821
130	Lead Fringe Benefits		2,291		2,291
135	Aides Salaries		99,361		99,361
140	Aides Fringe Benefits		9,742		9,742
145	Other Salaries		15,181		15,181
150	Other Fringe Benefits		1,225		1,225
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 170,550	$ 0	$ 170,550

SUMMARY OF AUDITED FACILITY EXPENSES

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

Provider NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 840	$	$ 840
165	Speech Pathology Consultant		2,160		2,160
170	Physical Therapy Consultant		813		813
175	Occupational Therapy Consultant		2,160		2,160
180	Pharmacist Consultant		810		810
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		1,800		1,800
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		2,000		2,000
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 10,583	$ 0	$ 10,583
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		15,686		15,686
230	Other General and Administrative*** (Excluding Adult Day Services)		78,339		78,339
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 94,025	$ 0	$ 94,025
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 344,062	$ 0	$ 344,062
	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)		$ 344,062	$ 0	$ 344,062

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

*** List allocated administrative costs on Line 230