

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LARCHMONT HOME  
DALY CITY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1043482862**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

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

**Section Chief: Louise Wong  
Audit Supervisor: David Mui  
Auditor: Mandy Lin**



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



EDMUND G. BROWN JR.  
GOVERNOR

January 25, 2012

Yolanda T. Ruiz  
Chief Financial Officer  
Larchmont Home  
627 Larchmont Drive  
Daly City, CA 94015

LARCHMONT HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1043482862  
FISCAL PERIOD ENDED DECEMBER 31, 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	\$	318,564	\$ 145.46
Net Audit Adjustment		<u>(28,360)</u>	<u>(12.95)</u>
Audited Cost/Cost Per Day	\$	<u>290,204</u>	\$ <u>132.51</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.

Yolanda T. Ruiz  
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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:

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.

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:**  
LARCHMONT HOME

**Fiscal Period:**  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

**Provider NPI:**  
1043482862

**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 7)	2,190	186
2. Medi-Cal Managed Care Days (Adj 8)	0	2,004
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>318,564</u>	\$ <u>290,204</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>145.46</u>	\$ <u>132.51</u>

**SHARE OF COST**

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

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

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LARCHMONT HOME

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:  
1043482862

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	2	\$ 0	\$ 14,758	\$ 14,758
050	Leases and Rentals	2	62,936	(62,936)	0
055	Real Property Taxes	2	0	5,889	5,889
060	Personal Property Taxes				0
065	Mortgage Interest	2	0	18,633	18,633
070	Property Insurance	2	2,305	872	3,177
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 65,241	\$ (22,784)	\$ 42,457
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 4,159	\$ 0	\$ 4,159
085	Utilities	3	4,598	(352)	4,246
090	Client Transportation (excluding Adult Day Services)		7,064	0	7,064
095	Dietary		24,899	0	24,899
100	Personal Care and Laundry		3,300	0	3,300
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,020	\$ (352)	\$ 43,668
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 109,261	\$ (23,136)	\$ 86,125
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 27,374	\$ 0	\$ 27,374
120	QMRP Fringe Benefits		3,888	0	3,888
125	Lead Salaries		26,619	0	26,619
130	Lead Fringe Benefits		3,780	0	3,780
135	Aides Salaries		27,840	0	27,840
140	Aides Fringe Benefits		3,954	0	3,954
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 93,455	\$ 0	\$ 93,455

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LARCHMONT HOME

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:  
1043482862

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		\$ 1,600	\$ 0	\$ 1,600
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		2,226	0	2,226
185	Nurse Consultant	4	2,389	404	2,793
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,900	0	1,900
205	Social Service Consultant		2,370	0	2,370
210	Other Consultant	4	22,585	(2,793)	19,792
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 33,070	\$ (2,389)	\$ 30,681
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **		\$ 42,495	\$ 0	\$ 42,495
225	Administrative Fringe Benefits		8,487	0	8,487
226	Quality Assurance Fees (excluding Adult Day Services)	1	9,406	5,571	14,977
230	Other General and Administrative*** (excluding Adult Day Services)	1,5,6	22,390	(8,406)	13,984
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,778	\$ (2,835)	\$ 79,943
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 318,564	\$ (28,360)	\$ 290,204
			(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)		\$ 318,564	\$ (28,360)	\$ 290,204

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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		
LARCHMONT HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1043482862		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
1	4.1	226	4	2	226	\$9,406	\$5,571	\$14,977
	4.1	230	4	2	230	22,390	(5,571)	16,819 *
<p style="text-align: center;"><b>RECLASSIFICATION OF REPORTED COSTS</b></p> <p>Quality Assurance Fees</p> <p>Other General and Administrative</p> <p>To reclassify quality assurance fees expense to the appropriate cost center for proper cost determination.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8</p>								

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments			
LARCHMONT HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1043482862		8			
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Sch.	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>									
2	4	045	4	2	045	3	\$0	\$14,758	\$14,758
	4	050	4	2	050	3	62,936	(62,936)	0
	4	055	4	2	055	3	0	5,889	5,889
	4	065	4	2	065	3	0	18,633	18,633
	4	070	4	2	070	3	2,305	872	3,177
Depreciation and Amortization Leases and Rentals Real Property Taxes Mortgage Interest Property Insurance To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304									
3	4	085	4	2	085	3	\$4,598	(\$352)	4,246
Utilities To adjust utility expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306									
4	4.1	185	4	2	185	3	\$2,389	\$404	\$2,793
	4.1	210	4	2	210	3	22,585	(2,793)	19,792
Nurse Consultant Other Consultant To adjust reported consultant expenses to agree with the provider's supporting documents. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
5	4.1	230	4	2	230	3	\$16,819	(\$2,551)	\$14,268 *
Other General and Administrative To adjust license fees expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306									
6	4.1	230	4	2	230	3	\$14,268	(\$284)	\$13,984
Other General and Administrative To eliminate duplicate entries in the provider's grouping schedule. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments	
LARCHMONT HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1043482862		8	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Col.	Col.
		Cost Report	Audit Report				
7	2	3	2	1	1	2	2
<p style="text-align: center;"><b>ADJUSTMENTS TO REPORTED PATIENT DAYS</b></p> <p>Medi-Cal Client Days</p> <p>To adjust reported Medi-Cal Client days based on the following                      Fiscal Intermediary Payment Data:                      Service Period: January 1, 2010 through December 31, 2010                      Payment Period: January 1, 2010 through September 13, 2011                      Report Date: September 14, 2011                      42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139,                      CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408                      CCR, Title 22, Section 51541</p>							
							186
							2,190 (2,004)
8	2	3	3	1	1	2	2
<p>Medi-Cal Managed Care Days</p> <p>To include Medi-Cal Managed Care days to agree with the provider's patient census records.                      42 CFR 413.20 and 413.50                      CMS Pub. 15-1, Sections 2205 and 2304</p>							
							2,004
							0 2,004 2,004