

**REPORT  
ON THE  
RATE SETTING AUDIT**

**BEACH SIDE HOME  
LAWNDALE, CALIFORNIA  
PROVIDER NUMBER: LTC60912F  
NATIONAL PROVIDER IDENTIFIER: 1740447242**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Cyrus C. Lam  
Auditor: Devin Miyake**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

September 6, 2011

Dave Matharu, Administrator  
Arlington Home Care  
2209 Arlington Avenue  
Torrance, CA 90501

PROVIDER: BEACH SIDE HOME  
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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:

<u>COST AND COST PER DAY</u>		<u>COST</u>		<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	372,383		\$ 170.04
Net Audit Adjustment		(1,618)		(0.74)
Audited Cost/Cost Per Day	\$	<u>370,765</u>		\$ <u>169.30</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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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.

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If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

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

**Provider:**  
BEACH SIDE HOME

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

**Provider Number:**  
LTC60912F

**Provider NPI:**  
1740447242

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,009	2,009
2. Other Client Days (Adj )	181	181
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>372,383</u>	\$ <u>370,765</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.04</u>	\$ <u>169.30</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
1. Duplicate Payments (Adj )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BEACH SIDE HOME

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

Provider Number:  
LTC60912F

NPI:  
1740447242

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		\$ 7,212	\$	\$ 7,212
050	Leases and Rentals				0
055	Real Property Taxes		4,170		4,170
060	Personal Property Taxes				0
065	Mortgage Interest		9,669		9,669
070	Property Insurance		463		463
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,514	\$ 0	\$ 21,514
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	2	\$ 14,879	\$ (1,309)	\$ 13,570
085	Utilities		5,682		5,682
090	Client Transportation		3,018		3,018
095	Dietary		15,089		15,089
100	Personal Care and Laundry	3	7,617	(61)	7,556
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 46,285	\$ (1,370)	\$ 44,915
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 67,799	\$ (1,370)	\$ 66,429
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		35,434		35,434
130	Lead Fringe Benefits	6	4,447	(67)	4,380
135	Aides Salaries	1	105,195	409	105,604
140	Aides Fringe Benefits	6	14,882	(225)	14,657
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 159,958	\$ 117	\$ 160,075

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BEACH SIDE HOME

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

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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		\$ 340	\$	\$ 340
165	Speech Pathology Consultant		1,665		1,665
170	Physical Therapy Consultant		2,640		2,640
175	Occupational Therapy Consultant		743		743
180	Pharmacist Consultant				0
185	Nurse Consultant		14,600		14,600
190	Psychologist Consultant		1,623		1,623
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		17,540		17,540
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 39,151	\$ 0	\$ 39,151
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries		\$ 17,160	\$	\$ 17,160
225	Administrative Fringe Benefits		1,530		1,530
226	Quality Assurance Fees		16,788		16,788
230	Other Administrative and General	1,4,5	69,997	(365)	69,632
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 105,475	\$ (365)	\$ 105,110
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 372,383	\$ (1,618)	\$ 370,765
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 372,383	\$ (1,618)	\$ 370,765

Provider Name		Fiscal Period				Provider Number		Adjustments		
BEACH SIDE HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				LTC60912F		6		
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4.1	135	4	2	135	3	\$105,195	\$409	\$105,604	
	4.1	230	4	2	230	3	69,997	(1,884)	68,113	*
Aides Salaries Other General and Administrative To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304										
2	4	80	4	2	80	3	\$14,879	(\$1,309)	\$13,570	
Home Operations and Maintenance To eliminate home operations and maintenance expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3										
3	4	100	4	2	100	3	\$7,617	(\$61)	\$7,556	
Personal Care and Laundry To eliminate prescription drug expenses that are not included in the rate. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3										
4	4.1	230	4	2	230	3	\$68,113	(\$163)	\$67,950	*
Other General and Administrative To eliminate surety bond expenses not incurred in the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304										
5	4.1	230	4	2	230	3	\$67,950	\$1,682	\$69,632	
Other General and Administrative To include liability insurance expenses omitted by the provider. 42 CFR 413.24 / CMS Pub. 15-1, Section 2161A										
6	4.1	130	4	2	130	3	\$4,447	(\$67)	\$4,380	
	4.1	140	4	2	140	3	14,882	(225)	14,657	
Lead Benefits Aides Benefits To adjust workers' compensation to the amount allowable based upon the audited payroll salaries. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304										

\*Balance carried forward from prior/to subsequent adjustments