

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LOYD'S LIBERTY HOMES, INC. - ALTAVILLE  
BAKERSFIELD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1447466818**

**FISCAL PERIOD ENDED  
SEPTEMBER 30, 2010**

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

**Section Chief: Julio M. Cueto  
Audit Supervisor: Lucia Martinez  
Auditor: Wendy Oney**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

December 2, 2011

Peter Kurylo  
Vice President / CFO  
Loyd's Liberty Homes, Inc.  
9166 Anaheim Place, Suite 200  
Rancho Cucamonga, CA 91730

LOYD'S LIBERTY HOMES, INC. - ALTAVILLE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1447466818  
FISCAL PERIOD ENDED SEPTEMBER 30, 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	\$	495,880	\$ 229.36
Net Audit Adjustment		<u>(40,863)</u>	<u>(18.90)</u>
Audited Cost/Cost Per Day	\$	<u>455,017</u>	\$ <u>210.46</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Allocation of Home Office Cost

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.

Peter Kurylo  
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If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief  
Audits Section—Rancho Cucamonga  
Financial Audits Branch

Certified

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

**Provider:**  
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

**Fiscal Period:**  
OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010

**Provider NPI:**  
1447466818

**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 )	2,097	2,097
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )	65	65
4. Total Client Days	<u>2,162</u>	<u>2,162</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>495,880</u>	\$ <u>455,017</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>229.36</u>	\$ <u>210.46</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 )	\$ _____	\$ <u>0</u>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

Fiscal Period:  
OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010

Provider NPI:  
1447466818

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		\$ 4,020	\$	\$ 4,020
050	Leases and Rentals		25,200		25,200
055	Real Property Taxes		2,266		2,266
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,486	\$ 0	\$ 31,486
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 10,279	\$	\$ 10,279
085	Utilities	1	16,309	(1,329)	14,980
090	Client Transportation (excluding Adult Day Services)	2,3	10,791	(2,184)	8,607
095	Dietary		13,902		13,902
100	Personal Care and Laundry		6,364		6,364
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 57,645	\$ (3,513)	\$ 54,132
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 89,131	\$ (3,513)	\$ 85,618
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,920	\$	\$ 12,920
120	QMRP Fringe Benefits		3,173		3,173
125	Lead Salaries		16,640		16,640
130	Lead Fringe Benefits		4,086		4,086
135	Aides Salaries		106,070		106,070
140	Aides Fringe Benefits		26,049		26,049
145	Other Salaries		77,456		77,456
150	Other Fringe Benefits		19,021		19,021
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 265,415	\$ 0	\$ 265,415

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

Fiscal Period:  
OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010

Provider NPI:  
1447466818

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		\$ 1,564	\$	\$ 1,564
165	Speech Pathology Consultant		1,755		1,755
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,680		1,680
205	Social Service Consultant				0
210	Other Consultant		2,830		2,830
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,829	\$ 0	\$ 7,829
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 4,460	\$	\$ 4,460
225	Administrative Fringe Benefits		1,095		1,095
226	Quality Assurance Fees (excluding Adult Day Services)		26,501		26,501
230	Other General and Administrative*** (excluding Adult Day Services)	4,5	101,449	(37,350)	64,099
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 133,505	\$ (37,350)	\$ 96,155
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 495,880	\$ (40,863)	\$ 455,017
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 495,880	\$ (40,863)	\$ 455,017

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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		
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE		OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010				1447466818		5		
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	85	4	2	85	3	Utilities	\$16,309	(\$1,329)	\$14,980
							To eliminate telephone expense not related to patient care 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			
2	4	90	4	2	90	3	Client Transportation	\$10,791		
							To eliminate client transportation expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(\$1,428)	
3							To eliminate subsequent year DMV registration expense. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304		(756) (\$2,184)	\$8,607
4	4.1	230	4	2	230	3	Other General and Administrative	\$101,449		
							To eliminate political contributions/lobby fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.2, 2104, and 2139		(\$82)	
5							To adjust home office costs to agree with the filed Home Office Cost Report. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(37,268) (\$37,350)	\$64,099