

**REPORT
ON THE
RATE SETTING AUDIT**

**LOYD'S LIBERTY HOMES, INC. - KROLL
BAKERSFIELD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1982812939**

**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. - KROLL
NATIONAL PROVIDER IDENTIFIER (NPI) 1982812939
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	\$	465,459	\$ 232.85
Net Audit Adjustment		(33,253)	(16.64)
Audited Cost/Cost Per Day	\$	<u>432,206</u>	\$ <u>216.21</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. - KROLL

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

Provider NPI:
1982812939

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,999	1,999
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,999</u>	<u>1,999</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>465,459</u>	\$ <u>432,206</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>232.85</u>	\$ <u>216.21</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

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

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

Provider NPI:
1982812939

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		\$ 732	\$	\$ 732
050	Leases and Rentals		27,600		27,600
055	Real Property Taxes		3,134		3,134
060	Personal Property Taxes	1	0	60	60
065	Mortgage Interest				0
070	Property Insurance	2	0	931	931
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,466	\$ 991	\$ 32,457
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1,3,4	\$ 12,953	\$ (404)	\$ 12,549
085	Utilities	5	13,863	111	13,974
090	Client Transportation (excluding Adult Day Services)	2	5,706	(931)	4,775
095	Dietary		14,067		14,067
100	Personal Care and Laundry		10,211		10,211
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 56,800	\$ (1,224)	\$ 55,576
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 88,266	\$ (233)	\$ 88,033
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 22,093	\$	\$ 22,093
120	QMRP Fringe Benefits		4,591		4,591
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		104,701		104,701
140	Aides Fringe Benefits		21,759		21,759
145	Other Salaries		76,866		76,866
150	Other Fringe Benefits		15,974		15,974
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 245,984	\$ 0	\$ 245,984

SUMMARY OF AUDITED FACILITY EXPENSES

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

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

Provider NPI:
1982812939

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,474	\$	\$ 1,474
165	Speech Pathology Consultant		1,885		1,885
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		150		150
195	Physician Consultant				0
200	Recreational Consultant		1,500		1,500
205	Social Service Consultant				0
210	Other Consultant		2,830		2,830
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,839	\$ 0	\$ 7,839
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 4,460	\$	\$ 4,460
225	Administrative Fringe Benefits		927		927
226	Quality Assurance Fees (excluding Adult Day Services)		23,283		23,283
230	Other General and Administrative*** (excluding Adult Day Services)	6,7	94,700	(33,020)	61,680
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 123,370	\$ (33,020)	\$ 90,350
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 465,459	\$ (33,253)	\$ 432,206
	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)		\$ 465,459	\$ (33,253)	\$ 432,206

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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. - KROLL		OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010				1982812939		7	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Sch.	Line				Col.
RECLASSIFICATIONS OF REPORTED COSTS									
1	4	60	4	2	60	3	Personal Property Taxes	\$0	\$60
	4	80	4	2	80	3	Home Operations and Maintenance	12,953	(60)
							To reclassify personal property tax expense to the appropriate cost center.		
							42 CFR 413.20 and 413.24		
							CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304		
2	4	70	4	2	70	3	Property Insurance	\$0	\$931
	4	90	4	2	90	3	Client Transportation	5,706	(931)
							To reclassify personal property tax expense to the appropriate cost center.		
							42 CFR 413.20 and 413.24		
							CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304		

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period				Provider NPI		Adjustments	
LOYD'S LIBERTY HOMES, INC. - KROLL		OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2010				1982812939		7	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		AS Reported	Increase (Decrease)	AS Adjusted	
		Line	Col.	Sch.	Line				Col
ADJUSTMENTS TO REPORTED COSTS									
3	4	80	4	2	80	3	Home Operations and Maintenance	*	\$12,893
							To eliminate home operations expense due to lack of documentation. 42 CFR 413.20, 413.24, and 413.107 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(\$165)
4	4						To eliminate subsequent period unsecured property taxes. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304		(179) (\$344)
5	4	85	4	2	85	3	Utilities		\$13,863
							To adjust telephone expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$111
6	4.1	230	4	2	230	3	Other General and Administrative		\$94,700
							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		(\$91)
7							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		(32,929) (\$33,020)
									\$61,680

*Balance carried forward from prior/to subsequent adjustments