

**REPORT
ON THE
RATE SETTING AUDIT**

**CHRISTOPHER HOUSE
COSTA MESA, CALIFORNIA
PROVIDER NUMBER: LTC 60449F**

**FISCAL PERIOD ENDED
JUNE 30, 2007**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Felipe Avila
Auditor: Teri Hung**



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



ARNOLD SCHWARZENEGGER
Governor

November 4, 2008

Dennis Mattson
President
Independent Options
P.O. Box 2197
Corona, CA 92878-2197

PROVIDER: CHRISTOPHER HOUSE
PROVIDER NO. LTC60449F
FISCAL PERIOD ENDED JUNE 30, 2007

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	\$	334,544	\$ 152.76
Net Audit Adjustment		<u>(146)</u>	<u>(.07)</u>
Audited Cost/Cost Per Day	\$	<u>334,398</u>	\$ <u>152.69</u>

This Audit Report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustment Schedules
3. Allocation of Home Office Cost

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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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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
P.O. Box 997413
Sacramento, CA 95899-7413

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 95814-5005
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and Title 22, California Code of Regulations, 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:
CHRISTOPHER HOUSE

Fiscal Period:
JULY 1, 2006 THROUGH JUNE 30, 2007

Provider Number:
LTC60449F

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>334,544</u>	\$ <u>334,398</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>152.76</u>	\$ <u>152.69</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>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHRISTOPHER HOUSE

Fiscal Period:
JULY 1, 2006 THROUGH JUNE 30, 2007

Provider Number:
LTC60449F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	3	\$	\$ 2,306	\$ 2,306
050	Leases and Rentals		24,958		24,958
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 24,958	\$ 2,306	\$ 27,264
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 10,083	\$	\$ 10,083
085	Utilities		3,447		3,447
090	Client Transportation	1,2	7,404	(2,452)	4,952
095	Dietary		12,209		12,209
100	Personal Care and Laundry		4,574		4,574
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,717	\$ (2,452)	\$ 35,265
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,675	\$ (146)	\$ 62,529
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,900	\$	\$ 16,900
120	QMRP Fringe Benefits		1,524		1,524
125	Lead Salaries		46,289		46,289
130	Lead Fringe Benefits		4,206		4,206
135	Aides Salaries		67,047		67,047
140	Aides Fringe Benefits		6,532		6,532
145	Other Salaries		12,461		12,461
150	Other Fringe Benefits		1,036		1,036
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 155,995	\$ 0	\$ 155,995

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHRISTOPHER HOUSE

Fiscal Period:
JULY 1, 2006 THROUGH JUNE 30, 2007

Provider Number:
LTC60449F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 680	\$	\$ 680
165	Speech Pathology Consultant		1,980		1,980
170	Physical Therapy Consultant		1,080		1,080
175	Occupational Therapy Consultant		2,070		2,070
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		2,400		2,400
195	Physician Consultant		1,650		1,650
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 9,860	\$ 0	\$ 9,860
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		27,554		27,554
230	Other Administrative and General		78,460		78,460
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 106,014	\$ 0	\$ 106,014
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 334,544	\$ (146)	\$ 334,398
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 334,544	\$ (146)	\$ 334,398

SUMMARY OF AUDITED LABOR REPORT

Provider:
CHRISTOPHER HOUSE

Fiscal Period:
JULY 1, 2006 THROUGH JUNE 30, 2007

Provider Number:
LTC60449F

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours	
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,524	\$ 16,900	792	\$ 21.34
2	Lead	4,206	46,289	5,110	9.06
3	Aides	6,532	67,047	8,099	8.28
4	Other	1,036	12,461	494	25.25
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 13,298	\$ 142,697	14,495	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 680	16	\$ 42.50
7	Speech Pathology		1,980	36	55.00
8	Physical Therapy		1,080	24	45.00
9	Occupational Therapy		2,070	36	57.50
10	Pharmacist				0.00
11	Nurse				0.00
12	Psychologist		2,400	48	50.00
13	Physician		1,650	12	137.50
14	Recreational				0.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 9,860	172	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 13,298	\$ 152,557	14,667	

Provider Name		Fiscal Period		Provider Number		Adjustments				
CHRISTOPHER HOUSE		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60449F		3				
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted	
	COST REPORT	AUDIT REPORT								
1	4	90	4	2	4	90.00	\$7,404	(\$117)	\$7,287 *	
Client Transportation To eliminate DMV's fees not related to audit period. 42 CAR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1										
2	4	90	4	2	4	90.00	\$7,287	(\$2,335)	\$4,952	
Client Transportation To eliminate lease expense on a van that should have been capitalized. 42 CAR 413.130 / CMS Pub. 15-1, Sections 104.1, 108.1 and 2300										
3	4	45	4	2	4	45.00	\$0	\$2,306	\$2,306	
Depreciaton and Amortization To include depreciation expense on a van that should have been capitalized. 42 CAR 413.130 / CMS Pub. 15-1, Sections 104.1, 108.1 and 2300										

ADJUSTMENTS TO REPORTED COSTS

*Balance carried forward from prior/to subsequent adjustments