

**REPORT  
ON THE  
RATE SETTING AUDIT**

**STANLEY HOUSE  
PLACENTIA, CALIFORNIA  
PROVIDER NUMBER: LTC60182F**

**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: STANLEY HOUSE  
PROVIDER NO. LTC60182F  
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	\$	366,544	\$ 167.37
Net Audit Adjustment		<u>(231)</u>	<u>(.10)</u>
Audited Cost/Cost Per Day	\$	<u>366,313</u>	\$ <u>167.27</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:**  
STANLEY HOUSE

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

**Provider Number:**  
LTC60182F

**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 )	2,190	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>366,544</u>	\$ <u>366,313</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>167.37</u>	\$ <u>167.27</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:  
STANLEY HOUSE

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

Provider Number:  
LTC60182F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 1,319	\$	\$ 1,319
050	Leases and Rentals		29,078		29,078
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)		\$ 30,397	\$ 0	\$ 30,397
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 20,075	\$ (231)	\$ 19,844
085	Utilities		7,067		7,067
090	Client Transportation		9,399		9,399
095	Dietary		13,486		13,486
100	Personal Care and Laundry		5,499		5,499
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 55,526	\$ (231)	\$ 55,295
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 85,923	\$ (231)	\$ 85,692
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 15,775	\$	\$ 15,775
120	QMRP Fringe Benefits		1,289		1,289
125	Lead Salaries		44,326		44,326
130	Lead Fringe Benefits		4,042		4,042
135	Aides Salaries		72,248		72,248
140	Aides Fringe Benefits		7,838		7,838
145	Other Salaries		16,876		16,876
150	Other Fringe Benefits		1,395		1,395
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 163,789	\$ 0	\$ 163,789

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
STANLEY HOUSE

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

Provider Number:  
LTC60182F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,128	\$	\$ 1,128
165	Speech Pathology Consultant		2,640		2,640
170	Physical Therapy Consultant		1,728		1,728
175	Occupational Therapy Consultant		2,070		2,070
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		2,000		2,000
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 9,566	\$ 0	\$ 9,566
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		28,806		28,806
230	Other Administrative and General		78,460		78,460
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 107,266	\$ 0	\$ 107,266
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 366,544	\$ (231)	\$ 366,313
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 366,544	\$ (231)	\$ 366,313

## SUMMARY OF AUDITED LABOR REPORT

Provider:  
STANLEY HOUSE

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

Provider Number:  
LTC60182F

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj 5)	Average Hourly Wage (Col 2 / Col 3)
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,289	\$ 15,775	528	\$ 29.88
2	Lead	4,042	44,326	4,888	9.07
3	Aides	7,838	72,248	8,877	8.14
4	Other	1,395	16,876	632	26.71
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 14,564	\$ 149,225	14,924	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 1,128	24	\$ 47.00
7	Speech Pathology		2,640	48	55.00
8	Physical Therapy		1,728	36	48.00
9	Occupational Therapy		2,070	36	57.50
10	Pharmacist				0.00
11	Nurse				0.00
12	Psychologist		2,000	40	50.00
13	Physician				0.00
14	Recreational				0.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 9,566	184	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 14,564	\$ 158,791	15,108	

Provider Name		Fiscal Period		Provider Number		Adjustments		
STANLEY HOUSE		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60182F		1		
Adj. No.	DHS3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT					
1	4	80	4	2	80.00	\$20,075	(\$231)	\$19,844
<p>Home Operations and Maintenance                      To eliminate health supplies expense not related to audit period.                      42 CAR 413.5 and 413.24                      CMS Pub. 15-1, Sections 2300 and 2302.1</p> <p><b>ADJUSTMENTS TO REPORTED COSTS</b></p>								