

**REPORT
ON THE
RATE SETTING AUDIT**

**VILLA WOODS HOUSE
RIVERSIDE, CALIFORNIA
PROVIDER NUMBER: LTC60134F**

**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: Julie Kephart**



SANDRA SHEWRY
Director

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



ARNOLD SCHWARZENEGGER
Governor

November 17, 2008

Dennis Mattson, President
Independent Options, Inc.
1180 Olympic Drive
Corona, CA 92878-2197

PROVIDER: VILLA WOODS HOUSE
PROVIDER NO. LTC60134F
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	\$	314,066		\$ 204.47
Net Audit Adjustment		<u>0</u>		<u>.00</u>
Audited Cost/Cost Per Day	\$	<u>314,066</u>		\$ <u>204.47</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments Schedule
3. Reported 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.

Dennis Mattson
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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
PO 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 California Code of Regulations, Title 22, 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:
VILLA WOODS HOUSE

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

Provider Number:
LTC60134F

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,206	1,206
2. Other Client Days (Adj)	330	330
3. Total Client Days	<u>1,536</u>	<u>1,536</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>314,066</u>	\$ <u>314,066</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>204.47</u>	\$ <u>204.47</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:
VILLA WOODS HOUSE

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

Provider Number:
LTC60134F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 6,017	\$	\$ 6,017
050	Leases and Rentals		2,893		2,893
055	Real Property Taxes		2,319		2,319
060	Personal Property Taxes		0		0
065	Mortgage Interest		5,537		5,537
070	Property Insurance		1,791		1,791
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,557	\$ 0	\$ 18,557
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 22,948	\$	\$ 22,948
085	Utilities		9,081		9,081
090	Client Transportation		7,618		7,618
095	Dietary		12,599		12,599
100	Personal Care and Laundry		4,106		4,106
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 56,352	\$ 0	\$ 56,352
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 74,909	\$ 0	\$ 74,909
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,177	\$	\$ 16,177
120	QMRP Fringe Benefits		1,371		1,371
125	Lead Salaries		20,323		20,323
130	Lead Fringe Benefits		1,888		1,888
135	Aides Salaries		90,494		90,494
140	Aides Fringe Benefits		10,899		10,899
145	Other Salaries		13,162		13,162
150	Other Fringe Benefits		1,073		1,073
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 155,387	\$ 0	\$ 155,387

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
VILLA WOODS HOUSE

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

Provider Number:
LTC60134F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 640	\$	\$ 640
165	Speech Pathology Consultant		1,980		1,980
170	Physical Therapy Consultant		1,728		1,728
175	Occupational Therapy Consultant		2,160		2,160
180	Pharmacist Consultant		720		720
185	Nurse Consultant		0		0
190	Psychologist Consultant		2,709		2,709
195	Physician Consultant		2,100		2,100
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		800		800
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 12,837	\$ 0	\$ 12,837
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		15,904		15,904
230	Other Administrative and General		55,029		55,029
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 70,933	\$ 0	\$ 70,933
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 314,066	\$ 0	\$ 314,066
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 314,066	\$ 0	\$ 314,066

SUMMARY OF AUDITED LABOR REPORT

Provider:
VILLA WOODS HOUSE

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

Provider Number:
LTC60134F

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,371	\$ 16,177	728	\$ 22.22
2	Lead	1,888	20,323	2,375	8.56
3	Aides	10,899	90,494	11,117	8.14
4	Other	1,073	13,162	422	31.16
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 15,231	\$ 140,156	14,642	
	CONSULTANT STAFF				
6	Dietician	\$ 0	\$ 640	16	\$ 40.00
7	Speech Pathology	0	1,980	36	55.00
8	Physical Therapy	0	1,728	36	48.00
9	Occupational Therapy	0	2,160	48	45.00
10	Pharmacist	0	720	12	60.00
11	Nurse	0	0	0	0.00
12	Psychologist	0	2,709	49	55.01
13	Physician	0	2,100	12	175.00
14	Recreational	0	0	0	0.00
15	Social Service	0	0	0	0.00
16	Other	0	800	25	32.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 12,837	234	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$ 0	\$ 0		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 15,231	\$ 152,993	14,876	

Provider Name		Fiscal Period		Provider Number		Adjustments	
VILLA WOODS HOUSE		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60134F		0	
Adj. No.	Report References		AUDIT REPORT		As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	Line	Col.	Sch			
	DHS 3076 Page or Exhibit						
<p style="text-align: center;">Explanation of Audit Adjustments <u>MEMORANDUM ADJUSTMENTS</u></p> <p style="text-align: center;">No audit adjustments are proposed.</p>							

Provider Name		Fiscal Period		Provider Number		Adjustments				
VILLA WOODS HOUSE		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60134F		0				
Adj. No.	Report References			Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	AUDIT REPORT								
4	2	3	1	1	1	1	1			-
<p>Medi-Cal Client Days</p> <p>To adjust total patient days to agree with the provider's patient census reports.</p> <p>42 CFR 413.20 and 413.50</p> <p>CMS Pub. 15-1, Sections 2205 and 2304</p>										
<p><u>ADJUSTMENT TO REPORTED PATIENT DAYS</u></p>										

Provider Name		Fiscal Period		Provider Number		Adjustments		
VILLA WOODS HOUSE		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60134F		0		
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	As Adjusted
	COST REPORT	AUDIT REPORT						
5	6	1	3	3	1	QMRP	0	0
6	6	18	3	3	18	Administrative Staff To reclassify administrative hours on the labor report. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	0	0
6	6	9	3	3	9	Occupational Therapy Consultant To reconcile the reported occupational therapy hours to agree with the provider's occupational therapy consultant's hourly payment rate. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	0	0

ADJUSTMENTS TO THE LABOR REPORT