

**REPORT
ON THE
RATE SETTING AUDIT**

**SUNRISE II
NOVATO, CALIFORNIA
PROVIDER NUMBER: LTC60072F AND
NPI NUMBER: 1528225455**

**FISCAL PERIOD ENDED
JUNE 30, 2007**

**Audits Section - Richmond
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Louise Wong
Audit Supervisor: Arlene Chau
Auditor: Marvin Reynolds**



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



ARNOLD SCHWARZENEGGER
Governor

November 13, 2008

Merlyn Teague
Director of Finance and Administration
Lifehouse, Incorporated
100 Smith Ranch Road, Suite 309
San Rafael, CA 94903

PROVIDER: SUNRISE II
PROVIDER NO. LTC60072F AND NPI NO. 1528225455
FISCAL PERIOD ENDED JUNE 30, 2007

We have examined the facility's 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	\$	470,716	\$ 234.30
Net Audit Adjustment		<u>(7,715)</u>	<u>(3.84)</u>
Audited Cost/Cost Per Day	\$	<u>463,001</u>	\$ <u>230.46</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments that include a summary of the total due the State in the amount of \$928, which resulted from Medi-Cal overpayments.

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department.

The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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 California Code of Regulations, Title 22, Section 51016, et seq.

Merlyn Teague
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If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

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

Provider:
SUNRISE II

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

Provider Number:
LTC60072F

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,009	2,009
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,009</u>	<u>2,009</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>470,716</u>	\$ <u>463,001</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>234.30</u>	\$ <u>230.46</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 5)	\$ <u>0</u>	\$ <u>928</u>
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OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ _____	\$ _____
2. Credit Balances (Adj)	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE II

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

Provider Number:
LTC60072F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	3	\$ 19,120	\$ (125)	\$ 18,995
050	Leases and Rentals				0
055	Real Property Taxes		733	0	733
060	Personal Property Taxes				0
065	Mortgage Interest		18,025	0	18,025
070	Property Insurance		1,118	0	1,118
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 38,996	\$ (125)	\$ 38,871
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 14,265	\$ 0	\$ 14,265
085	Utilities		15,215	0	15,215
090	Client Transportation		8,418	0	8,418
095	Dietary		15,771	0	15,771
100	Personal Care and Laundry	2	7,285	(6,996)	289
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 60,954	\$ (6,996)	\$ 53,958
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 99,950	\$ (7,121)	\$ 92,829
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 23,036	\$ 0	\$ 23,036
120	QMRP Fringe Benefits		4,799	0	4,799
125	Lead Salaries		12,714	0	12,714
130	Lead Fringe Benefits		2,649	0	2,649
135	Aides Salaries		180,635	0	180,635
140	Aides Fringe Benefits		36,956	0	36,956
145	Other Salaries		2,301	0	2,301
150	Other Fringe Benefits		479	0	479
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 263,569	\$ 0	\$ 263,569

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE II

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

Provider Number:
LTC60072F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 484	\$ 0	\$ 484
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		560	0	560
185	Nurse Consultant	1	9,765	(594)	9,171
190	Psychologist Consultant				0
195	Physician Consultant		550	0	550
200	Recreational Consultant				0
205	Social Service Consultant		1,045	0	1,045
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 12,404	\$ (594)	\$ 11,810
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 10,265	\$ 0	\$ 10,265
225	Administrative Fringe Benefits		2,138	0	2,138
226	Quality Assurance Fees		20,739	0	20,739
230	Other Administrative and General		61,651	0	61,651
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 94,793	\$ 0	\$ 94,793
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 470,716	\$ (7,715)	\$ 463,001
	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)		\$ 470,716	\$ (7,715)	\$ 463,001

SUMMARY OF AUDITED LABOR REPORT

Provider:
SUNRISE II

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

Provider Number:
LTC60072F

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj 4)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 4,799	\$ 23,036	941	\$ 24.48
2	Lead	2,649	12,714	327	38.88
3	Aides	36,956	180,635	13,446	13.43
4	Other	479	2,301	110	20.92
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 44,883	\$ 218,686	14,824	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 484	11	\$ 44.00
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist		560	12	46.67
11	Nurse		9,171	278	32.99
12	Psychologist				0.00
13	Physician		550	6	91.67
14	Recreational				0.00
15	Social Service		1,045	16	65.31
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 11,810	323	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$ 2,138	\$ 10,265	232	\$ 44.25
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 47,021	\$ 240,761	15,379	

Provider Name		Fiscal Period		Provider Number		Adjustments					
SUNRISE II		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60072F		5					
Adj. No.	DHS3076 Page or Exhibit	Report References			Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT								
4	6 of 6	11	3	3	3	3	11	296	(18)	278	
	6 of 6	17	3	3	3	3	17	341	(18)	323	
	6 of 6	19	3	3	3	3	19	15,397	(18)	15,379	
<p style="text-align: center;">Explanation of Audit Adjustments <u>ADJUSTMENT TO LABOR REPORT</u></p> <p>To adjust reported Nurse Consultant hours to agree with the provider's paid invoices. CMS Pub. 15-1, Section 2304</p>											

Provider Name		Fiscal Period		Provider Number		Adjustments				
SUNRISE II		JULY 1, 2006 THROUGH JUNE 30, 2007		LTC60072F		5				
Adj. No.	DHS3076 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT							
5	N/A	N/A	N/A	1	1	1	1	\$0	\$928	\$928
<p>Overpayments To recover Medi-Cal overpayments due to the provider did not properly report clients' share of costs when billed to the State. CCR, Title 22, Sections 50761 and 51458.1</p> <p style="text-align: center;"><u>ADJUSTMENT TO OTHER MATTERS</u></p>										