

**REPORT  
ON THE  
RATE SETTING AUDIT**

**RUNNING DEER HOUSE  
MORENO VALLEY, CALIFORNIA  
PROVIDER NUMBER: LTC60326G**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2007**

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

**Section Chief: Margaret A. Varho  
Audit Supervisor: Henry Igboke  
Auditor: Huyen Stefan**



SANDRA SHEWRY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

September 22, 2008

Sarah Saucedo  
Financial Manager  
Developmental Client Care Industries, Inc.  
11751 Davis Street  
Moreno Valley, CA 92557

PROVIDER: RUNNING DEER HOUSE  
PROVIDER NO. LTC60326G  
FISCAL PERIOD ENDED DECEMBER 31, 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	\$	369,395	\$ 172.29
Net Audit Adjustment		<u>(977)</u>	<u>(0.45)</u>
Audited Cost/Cost Per Day	\$	<u>368,418</u>	\$ <u>171.84</u>

This audit report includes the:

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

Sarah Saucedo  
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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:**  
RUNNING DEER HOUSE

**Fiscal Period:**  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

**Provider Number:**  
LTC60326G

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,144	2,144
2. Other Client Days (Adj )	0	0
3. Total Client Days	<u>2,144</u>	<u>2,144</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>369,395</u>	\$ <u>368,418</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>172.29</u>	\$ <u>171.84</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>0</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
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:  
RUNNING DEER HOUSE

Fiscal Period:  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:  
LTC60326G

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		\$	\$	\$ 0
050	Leases and Rentals				0
055	Real Property Taxes		1,790		1,790
060	Personal Property Taxes				0
065	Mortgage Interest	2	15,429	(34)	15,395
070	Property Insurance	3	1,497	(1,010)	487
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,716	\$ (1,044)	\$ 17,672
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 32,150	\$	\$ 32,150
085	Utilities		6,540		6,540
090	Client Transportation		7,987		7,987
095	Dietary	1	14,999	244	15,243
100	Personal Care and Laundry		3,116		3,116
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 64,791	\$ 244	\$ 65,035
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 83,508	\$ (800)	\$ 82,708
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 15,434	\$	\$ 15,434
120	QMRP Fringe Benefits		3,812		3,812
125	Lead Salaries		48,741		48,741
130	Lead Fringe Benefits		14,264		14,264
135	Aides Salaries		75,916		75,916
140	Aides Fringe Benefits		25,094		25,094
145	Other Salaries		15,228		15,228
150	Other Fringe Benefits		3,730		3,730
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 202,219	\$ 0	\$ 202,219

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
RUNNING DEER HOUSE

Fiscal Period:  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:  
LTC60326G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant	1	\$ 1,519	\$ (244)	\$ 1,275
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	4	1,198	122	1,320
175	Occupational Therapy Consultant	5	1,224	(110)	1,114
180	Pharmacist Consultant		390		390
185	Nurse Consultant				0
190	Psychologist Consultant	6	2,095	55	2,150
195	Physician Consultant		440		440
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,866	\$ (177)	\$ 6,689
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 21,426		\$ 21,426
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		22,317		22,317
230	Other Administrative and General		33,059		33,059
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 76,802	\$ 0	\$ 76,802
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 369,395	\$ (977)	\$ 368,418
	<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)		\$ 369,395	\$ (977)	\$ 368,418

## SUMMARY OF AUDITED LABOR REPORT

Provider:  
RUNNING DEER HOUSE

Fiscal Period:  
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:  
LTC60326G

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adjs 7-10)	Average Hourly Wage (Col 2 / Col 3)
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 3,812	\$ 15,434	670	\$ 23.04
2	Lead	14,264	48,741	3,875	12.58
3	Aides	25,094	75,916	8,669	8.76
4	Other	3,730	15,228	807	18.87
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 46,900	\$ 155,319	14,021	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 1,275	26	\$ 48.46
7	Speech Pathology				0.00
8	Physical Therapy		1,320	24	55.51
9	Occupational Therapy		1,114	20	55.01
10	Pharmacist		390	8	50.00
11	Nurse				0.00
12	Psychologist		2,150	43	50.12
13	Physician		440	15	30.03
14	Recreational				0.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 6,689	136	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 46,900	\$ 162,008	14,157	

Provider Name		Fiscal Period		Provider Number		Adjustments		
RUNNING DEER HOUSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60326G		10		
Adj. No.	Report References		AUDIT REPORT		As Reported	Increase (Decrease)	As Adjusted	
	COST REPORT	Line	Col.	Sch				Line
1	4	95	4	2	95.00	Dietary	\$14,999	\$15,243
	4.1	160	4	2	160.00	Dietician Consultant	1,519	1,275
<p style="text-align: center;"><b>RECLASSIFICATION OF REPORTED COSTS</b></p> <p style="text-align: center;">To reclassify food expenses to the appropriate cost center. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304</p>								\$244 (244)

Provider Name		Fiscal Period		Provider Number		Adjustments			
RUNNING DEER HOUSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60326G		10			
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	AUDIT REPORT							
2	4	65	4	2	65.00	Mortgage Interest To adjust interest expense to agree with the loan records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$15,429	(\$34)	\$15,395
3	4	70	4	2	70.00	Property Insurance To reflect the proper accrual of property insurance expense applicable to the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$1,497	(\$1,010)	\$487
4	4.1	170	4	2	170.00	Physical Therapy Consultant To adjust physical therapy consultant costs to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$1,198	\$122	\$1,320
5	4.1	175	4	2	175.00	Occupational Therapy Consultant To adjust occupational therapy consultant costs to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$1,224	(\$110)	\$1,114
6	4.1	190	4	2	190.00	Psychologist Consultant To adjust psychologist consultant costs to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$2,095	\$55	\$2,150

**ADJUSTMENTS TO REPORTED COSTS**

Provider Name		Fiscal Period		Provider Number		Adjustments			
RUNNING DEER HOUSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60326G		10			
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	AUDIT REPORT							
7	6	6	3	3	6.00	Dietician Consultant (Hours) To adjust dietician consultant hours to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
8	6	8	3	3	8.00	Physical Therapy Consultant (Hours) To adjust physical therapy consultant hours to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
9	6	9	3	3	9.00	Occupational Therapy Consultant (Hours) To adjust occupational therapy consultant hours to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
10	6	12	3	3	12.00	Psychologist Consultant (Hours) To adjust psychologist consultant hours to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			

**ADJUSTMENTS TO THE LABOR REPORT**