

**REPORT  
ON THE  
RATE SETTING AUDIT**

**TROJAN  
ANAHEIM, CALIFORNIA  
PROVIDER NUMBER: LTC60818G**

**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: Stan Van Arsdale  
Auditor: Fabio Arrieta**



SANDRA SHEWRY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

October 10, 2008

Norma Lim-Yu, Administrator  
Trojan  
2660 West Trojan Place  
Anaheim, CA 92804

PROVIDER: TROJAN  
PROVIDER NO. LTC 60818G  
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	\$	378,643		\$ 183.99
(Net Audit Adjustment)		<u>(19,736)</u>		<u>(9.68)</u>
Audited Cost/Cost Per Day	\$	<u>358,907</u>		\$ <u>174.31</u>

This audit report includes the:

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

Norma Lim-Yu  
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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 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

cc: Rolando De Ocampo  
256 Soco Drive  
Fullerton, CA 92832

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

**Provider:**  
TROJAN

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

**Provider Number:**  
LTC60818G

<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 7)	2,058	2,059
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,058</u>	<u>2,059</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>378,643</u>	\$ <u>358,907</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>183.99</u>	\$ <u>174.31</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</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:  
TROJAN

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

Provider Number:  
LTC60818G

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, 2, 3	\$ 8,807	\$ (4,421)	\$ 4,386
050	Leases and Rentals		0		0
055	Real Property Taxes	6	3,492	(168)	3,324
060	Personal Property Taxes		0		0
065	Mortgage Interest		12,286		12,286
070	Property Insurance		607		607
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,192	\$ (4,589)	\$ 20,603
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 9,382	\$	\$ 9,382
085	Utilities		5,212		5,212
090	Client Transportation	4	6,197	(1,073)	5,124
095	Dietary		16,911		16,911
100	Personal Care and Laundry		3,063		3,063
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,765	\$ (1,073)	\$ 39,692
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,957	\$ (5,662)	\$ 60,295
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 17,100	\$	\$ 17,100
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		15,618		15,618
130	Lead Fringe Benefits		1,242		1,242
135	Aides Salaries		121,303		121,303
140	Aides Fringe Benefits		11,172		11,172
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 166,435	\$ 0	\$ 166,435

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
TROJAN

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

Provider Number:  
LTC60818G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,350	\$	\$ 1,350
165	Speech Pathology Consultant		682		682
170	Physical Therapy Consultant		238		238
175	Occupational Therapy Consultant		1,006		1,006
180	Pharmacist Consultant		0		0
185	Nurse Consultant		24,988		24,988
190	Psychologist Consultant		935		935
195	Physician Consultant		0		0
200	Recreational Consultant		2,325		2,325
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 31,524	\$ 0	\$ 31,524
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees	5	36,434	(14,074)	22,360
230	Other Administrative and General		78,293		78,293
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 114,727	\$ (14,074)	\$ 100,653
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 378,643	\$ (19,736)	\$ 358,907
	<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)		\$ 378,643	\$ (19,736)	\$ 358,907

## SUMMARY OF AUDITED LABOR REPORT

Provider:  
TROJAN

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

Provider Number:  
LTC60818G

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj 8)	
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 0	\$ 17,100	484	\$ 35.33
2	Lead	1,242	15,618	960	16.27
3	Aides	11,172	121,303	11,585	10.47
4	Other	0	0		0.00
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 12,414	\$ 154,021	13,029	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 1,350	18	\$ 75.00
7	Speech Pathology		685	8	85.63
8	Physical Therapy		238	5	47.60
9	Occupational Therapy		1,006	20	50.30
10	Pharmacist		0	0	0.00
11	Nurse		24,988	686	36.43
12	Psychologist		935	19	50.00
13	Physician		0	0	0.00
14	Recreational		2,325	44	52.84
15	Social Service		0	0	0.00
16	Other		0	0	0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 31,527	800	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 12,414	\$ 185,548	13,829	

Provider Name		Fiscal Period		Provider Number		Adjustments		
TROJAN		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60818G		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch	Line			
<b>ADJUSTMENTS TO REPORTED COSTS</b>								
1	4	045	4	2	045	\$8,807	(\$2,422)	\$6,385 *
Depreciation and Amortization To adjust depreciation expense to exclude the cost of land. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Sections 116, 120, and 104.6								
2	4	045	4	2	045	\$6,385	(\$1,249)	\$5,136 *
Depreciation and Amortization To adjust depreciation expense for air conditioner cost that is fully depreciated. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Sections 116 and 120								
3	4	045	4	2	045	\$5,136	(\$750)	\$4,386
Depreciation and Amortization To adjust depreciation expense for client transportation applicable to a related facility. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Sections 116, 120, and 2304								
4	4	090	4	2	090	\$6,197	(\$1,073)	\$5,124
Client Transportation To eliminate costs applicable to another facility. 42 CFR 413.20 / CMS Pub. 15-1, Section 2304								
5	4.1	226	4	2	226	\$36,434	(\$14,074)	\$22,360
Quality Assurance Fees To eliminate quality assurance fees applicable to fiscal year ending 2006. 42 CFR 413.20 / CMS Pub. 15-1, Section 2300								
6	4	055	4	2	055	\$3,492	(\$168)	\$3,324
Real Property Taxes To reflect the proper accrual of real property taxes applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1								

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments	
TROJAN		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60818G		8	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line
		Cost Report	Audit Report				
7	2	3	3	1	1	1	2059
<p>Client Days                      To adjust the reported client days to agree with the provider's census record.                      CMS Pub. 15-1, Section 2205</p>							
						As Reported	As Adjusted
						2,058	1
<b>ADJUSTMENT TO REPORTED PATIENT DAYS</b>							

Provider Name		Fiscal Period		Provider Number		Adjustments			
TROJAN		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60818G		8			
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report							
8	DHS 3076								
	Page or Exhibit	Line	Col.	Sch	Line				
	6	1	3	3	1		684	(200)	484
	6	2	3	3	2		1,040	(80)	960
	6	3	3	3	3		13,478	(1,893)	11,585
	6	6	3	3	6		27	(9)	18
	6	11	3	3	11		714	(28)	686
	6	14	3	3	14		47	(3)	44
<p>QMRP (Hours)</p> <p>Lead</p> <p>Aides</p> <p>Dietician Consultant</p> <p>Nurse Consultant</p> <p>Recreational Consultant</p> <p>To adjust productive and consultant hours to agree with the payroll records.</p> <p>42 CFR 413.20 / CMS Pub. 15-1, Section 2304</p>									