

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LOCUST HOME  
MANTECA, CALIFORNIA  
PROVIDER NUMBER: LTC60104F / NPI 1710171749**

**FISCAL PERIOD ENDED  
MARCH 31, 2008**

**Audits Section—Sacramento  
Financial Audits Branch  
Audits and Investigations  
California Department of Health Care Services**

**Acting Section Chief: Jeff Sandman  
Audit Supervisor: Steven Gary  
Auditor: David Pereira**



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



DAVID MAXWELL-JOLLY  
Director

ARNOLD SCHWARZENEGGER  
Governor

December 30, 2009

Sherry Hylton, Administrator  
Locust Home  
1151 South Locust Avenue  
Manteca, CA 95336

PROVIDER: LOCUST HOME  
PROVIDER NUMBER: LTC60104F  
FISCAL PERIOD ENDED MARCH 31, 2008

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days and use of share of cost 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	\$	769,638	\$ 146.71
Net audit adjustment		<u>(27,562)</u>	<u>(5.25)</u>
Audited Cost/Cost Per Day	\$	<u>742,076</u>	\$ <u>141.46</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Costs

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) 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:

John Melton, Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814

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

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.

Sherry Hylton  
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If you have questions regarding this report, you may call the Audits Section—  
Sacramento at (916) 650-6983.

Original Signed By

Jeff Sandman, Acting Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
LOCUST HOME

**Fiscal Period:**  
APRIL 1, 2007 THROUGH MARCH 31, 2008

**Provider Number:**  
LTC60104F

**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 )	5,246	5,246
2. Other Client Days (Adj )		0
3. Total Client Days	<u>5,246</u>	<u>5,246</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>769,638</u>	\$ <u>742,076</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>146.71</u>	\$ <u>141.46</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 )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LOCUST HOME

Fiscal Period:  
APRIL 1, 2007 THROUGH MARCH 31, 2008

Provider Number:  
LTC60104F

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		\$ 4,691	\$	\$ 4,691
050	Leases and Rentals		22,290		22,290
055	Real Property Taxes		2,085		2,085
060	Personal Property Taxes				0
065	Mortgage Interest		4,946		4,946
070	Property Insurance		8,758		8,758
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 42,770	\$ 0	\$ 42,770
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 26,015	\$ (401)	\$ 25,614
085	Utilities		21,280		21,280
090	Client Transportation		(21,148)		(21,148)
095	Dietary		51,796		51,796
100	Personal Care and Laundry		6,897		6,897
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 84,840	\$ (401)	\$ 84,439
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 127,610	\$ (401)	\$ 127,209
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 22,787	\$	\$ 22,787
120	QMRP Fringe Benefits		5,925		5,925
125	Lead Salaries		10,975		10,975
130	Lead Fringe Benefits		2,854		2,854
135	Aides Salaries		310,272		310,272
140	Aides Fringe Benefits		80,671		80,671
145	Other Salaries		7,595		7,595
150	Other Fringe Benefits		1,975		1,975
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 443,054	\$ 0	\$ 443,054

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LOCUST HOME

Fiscal Period:  
APRIL 1, 2007 THROUGH MARCH 31, 2008

Provider Number:  
LTC60104F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 855	\$	\$ 855
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		150		150
185	Nurse Consultant				0
190	Psychologist Consultant		600		600
195	Physician Consultant				0
200	Recreational Consultant		1,250		1,250
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,855	\$ 0	\$ 2,855
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 97,023	\$	\$ 97,023
225	Administrative Fringe Benefits	2	26,832	(1,606)	25,226
226	Quality Assurance Fees		48,938		48,938
230	Other Administrative and General	3,4	23,326	(25,555)	(2,229)
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 196,119	\$ (27,161)	\$ 168,958
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 769,638	\$ (27,562)	\$ 742,076
	<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)		\$ 769,638	\$ (27,562)	\$ 742,076

## SUMMARY OF AUDITED LABOR REPORT

Provider:  
LOCUST HOME

Fiscal Period:  
APRIL 1, 2007 THROUGH MARCH 31, 2008

Provider Number:  
LTC60104F

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj)	
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 5,925	\$ 22,787	1,422	\$ 16.02
2	Lead	2,854	10,975	759	14.46
3	Aides	80,671	310,272	34,571	8.97
4	Other	1,975	7,595	342	22.21
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 91,425	\$ 351,629	37,094	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 855	19	\$ 45.00
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist		150	3	50.00
11	Nurse				0.00
12	Psychologist		600	12	50.00
13	Physician				0.00
14	Recreational		1,250	25	50.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 2,855	59	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 91,425	\$ 354,484	37,153	

Provider Name		Fiscal Period		Provider Number		Adjustments		
LOCUST HOME		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60104F		4		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT					
1	4	80.00	4	2	80.00	\$26,015	(\$401)	\$25,614
<p>Home Operations and Maintenance                      To eliminate home operation and maintenance expenses due to insufficient documentation showing a relationship to patient care.                      42 CFR 413(c)(3), 413.20 and 413.24                      CMS Pub. 15-1, Sections 2102.3, 2300 and 2304</p>								
2	4.1	225.00	4	2	225.00	\$26,832	(\$1,606)	\$25,226
<p>Administrative Fringe Benefits                      To adjust the Benefits expense to agree with the provider's benefits percentage allocation.                      42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304</p>								
3	4.1	230.00	4	2	230.00	\$23,326	(\$360)	\$22,966 *
<p>Other General and Administrative                      To eliminate vehicle registration expense not related to patient care at the Locust Home.                      42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3</p>								
4	4.1	230.00	4	2	230.00	\$22,966	(\$25,195)	(\$2,229)
<p>Other General and Administrative                      To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for the fiscal period ended March 31, 2008.                      42 CFR 413.17 / CMS Pub 15-1, Sections 2150.2 and 2304</p>								

\*Balance carried forward from prior/to subsequent adjustments