

**REPORT
ON THE
RATE SETTING AUDIT**

**LA PAIX HOUSE
SAN BERNARDINO, CALIFORNIA
PROVIDER NUMBER: LTC60005G
NPI: 1700935772**

**FISCAL PERIOD ENDED
MARCH 31, 2008**

**Audits Section—Rancho Cucamonga
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Daniela Bitá Mocanu**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 28, 2009

Carol Tipton
Director of Administrative Services
Horrigan Enterprises, Inc.
7945 Cartilla Avenue, Suite A
Rancho Cucamonga, CA 91730

PROVIDER: LA PAIX HOUSE
PROVIDER NO. LTC60005G
NPI: 1700935772
FISCAL PERIOD ENDED MARCH 31, 2008

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	\$	324,521	\$ 147.78
Net Audit Adjustment		(3,229)	(1.47)
Audited Cost/Cost Per Day	\$	<u>321,292</u>	\$ <u>146.31</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
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.

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.

Carol Tipton
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If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

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

Provider:
LA PAIX HOUSE

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

Provider Number:
LTC60005G

Provider NPI:
1700935772

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,196	2,196
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,196</u>	<u>2,196</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>324,521</u>	\$ <u>321,292</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>147.78</u>	\$ <u>146.31</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:
LA PAIX HOUSE

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

Provider Number:
LTC60005G

Provider NPI:
1700935772

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 3,623	\$	\$ 3,623
050	Leases and Rentals				0
055	Real Property Taxes		1,976		1,976
060	Personal Property Taxes		300		300
065	Mortgage Interest				0
070	Property Insurance	1	2,696	(2,135)	561
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,595	\$ (2,135)	\$ 6,460
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2,3	\$ 7,644	\$ (1,210)	\$ 6,434
085	Utilities	4,5	7,546	(301)	7,245
090	Client Transportation				0
095	Dietary		14,701		14,701
100	Personal Care and Laundry		3,747		3,747
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 33,638	\$ (1,511)	\$ 32,127
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 42,233	\$ (3,646)	\$ 38,587
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,674	\$	\$ 14,674
120	QMRP Fringe Benefits		3,631		3,631
125	Lead Salaries		50,958		50,958
130	Lead Fringe Benefits		12,610		12,610
135	Aides Salaries		79,821		79,821
140	Aides Fringe Benefits		19,752		19,752
145	Other Salaries		14,207		14,207
150	Other Fringe Benefits		3,954		3,954
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 199,607	\$ 0	\$ 199,607

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LA PAIX HOUSE

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

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 1,105	\$	\$ 1,105
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	6	1,138	(211)	927
175	Occupational Therapy Consultant		1,665		1,665
180	Pharmacist Consultant		823		823
185	Nurse Consultant				0
190	Psychologist Consultant	6	1,050	(88)	962
195	Physician Consultant		2,438		2,438
200	Recreational Consultant		600		600
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 8,819	\$ (299)	\$ 8,520
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		21,486		21,486
230	Other Administrative and General	1,7-9	52,376	716	53,092
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 73,862	\$ 716	\$ 74,578
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 324,521	\$ (3,229)	\$ 321,292
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 324,521	\$ (3,229)	\$ 321,292

Provider Name		Fiscal Period		Provider Number		Adjustments		
LA PAIX HOUSE		APRIL 1, 2007 THROUGH MARCH 31, 2007		LTC60005G		9		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT					
1	4	70	4	2	70.00	\$2,696	(\$2,135)	\$561
	4.1	230	4	2	230.00	52,376	2,135	54,511 *
<p style="text-align: center;"><u>RECLASSIFICATION OF REPORTED COSTS</u></p> <p>Property Insurance Other General and Administrative To reclassify professional liability and other insurance expenses to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304</p>								

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments		
LA PAIX HOUSE		APRIL 1, 2007 THROUGH MARCH 31, 2007		LTC60005G		9		
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT	Line	Sch			
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
2	4	80	4	2	80.00	Home Operations and Maintenance	\$7,644	
3						To eliminate electronic and household items not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		(\$824)
4						To eliminate household furnishing expenses due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)		(386) (\$1,210)
5						Utilities	\$7,546	
6	4.1	170	4	2	170.00	Physical Therapy Consultant	\$1,138	(\$211)
	4.1	190	4	2	190.00	Psychologist Consultant To adjust consultant dollars to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	1,050	(88)
5						To eliminate gas total security requirement fee due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(270) (\$301)
4						To eliminate utility late payment fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		(\$31)

Provider Name		Fiscal Period		Provider Number		Adjustments				
LA PAIX HOUSE		APRIL 1, 2007 THROUGH MARCH 31, 2007		LTC60005G		9				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT							
		230	4	230.00	2			\$54,511		
		4.1						*		
7									(\$442)	
8									(120)	
9									(857)	
									(\$1,419)	\$53,092

Explanation of Audit Adjustments
ADJUSTMENTS TO REPORTED COSTS

Other General and Administrative

To eliminate Sam's club purchases due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107
CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)

To eliminate telephone late payment charges not related to patient care.
42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3

To adjust reported hom office costs to agree with the Horrigan Enterprises, Inc., Home Office Audit Report for fiscal period ended March 31, 2008.
42 CFR 413.17 and 413.24
CMS Pub. 15-1, Sections 2150.2 and 2304

*Balance carried forward from prior/to subsequent adjustments