

**REPORT
ON THE
RATE SETTING AUDIT**

**NAVAJO HOME
MANTECA, CALIFORNIA
PROVIDER NUMBERS: LTC60477F /
NPI 1356535389**

**FISCAL PERIOD ENDED
MARCH 31, 2008**

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

**Acting Section Chief: Jeff Sandman
Audit Supervisor: Gary Molohan
Auditor: Stephan Fukasawa**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 29, 2009

Sherry Hylton, Administrator
Heritage Estates, Inc.
P.O. Box 293
Manteca, CA 95336

PROVIDER: NAVAJO HOME
PROVIDER NO. LTC60477F / NPI 1356535389
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	\$	280,479	\$ 165.08
Net Audit Adjustment		(41,087)	(24.18)
Audited Cost/Cost Per Day	\$	<u>239,392</u>	\$ <u>140.90</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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.

Sherry Hylton
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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:

John Melton, 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 - Sacramento at (916) 650-6994.

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:
NAVAJO HOME

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

Provider Number:
LTC60477F

Provider NPI:
1356535389

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

AS REPORTED	AS AUDITED
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1. Medi-Cal Client Days (Adj)	1,699	1,699
2. Other Client Days (Adj)		0
3. Total Client Days	<u>1,699</u>	<u>1,699</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>280,479</u>	\$ <u>239,392</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>165.08</u>	\$ <u>140.90</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:
NAVAJO HOME

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

Provider Number:
LTC60477F

Provider NPI:
1356535389

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 6,900	\$ (443)	\$ 6,457
050	Leases and Rentals		9,037		9,037
055	Real Property Taxes		1,326		1,326
060	Personal Property Taxes				0
065	Mortgage Interest	2	24,890	(23,076)	1,814
070	Property Insurance		3,024		3,024
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 45,177	\$ (23,519)	\$ 21,658
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 9,274	\$	\$ 9,274
085	Utilities	3	10,017	(53)	9,964
090	Client Transportation		(7,754)		(7,754)
095	Dietary		16,834		16,834
100	Personal Care and Laundry		1,909		1,909
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 30,280	\$ (53)	\$ 30,227
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 75,457	\$ (23,572)	\$ 51,885
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 7,406	\$	\$ 7,406
120	QMRP Fringe Benefits		1,926		1,926
125	Lead Salaries		4,257		4,257
130	Lead Fringe Benefits		1,107		1,107
135	Aides Salaries		93,513		93,513
140	Aides Fringe Benefits		24,313		24,313
145	Other Salaries		1,538		1,538
150	Other Fringe Benefits		400		400
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 134,460	\$ 0	\$ 134,460

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NAVAJO HOME

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		\$ 810	\$	\$ 810
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		50		50
185	Nurse Consultant		0		0
190	Psychologist Consultant		600		600
195	Physician Consultant		0		0
200	Recreational Consultant		675		675
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,135	\$ 0	\$ 2,135
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 35,575	\$	\$ 35,575
225	Administrative Fringe Benefits		9,839		9,839
226	Quality Assurance Fees		18,061		18,061
230	Other Administrative and General	4	4,952	(17,515)	(12,563)
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,427	\$ (17,515)	\$ 50,912
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 280,479	\$ (41,087)	\$ 239,392
	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)		\$ 280,479	\$ (41,087)	\$ 239,392

Provider Name		Fiscal Period		Provider Number		Adjustments		
NAVAJO HOME		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60477F		4		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Line	Col.	Explanation of Audit Adjustments						
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4	45	4	2	45.00	\$6,900	(\$443)	\$6,457
Depreciation and Amortization To eliminate refinancing fees due to lack of documentation the refinancing is necessary, proper, and related to patient care. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
2	4	65	4	2	65.00	\$24,890	(\$23,076)	\$1,814
Mortgage Interest To eliminate interest expense due to insufficient documentation the borrowing is necessary, proper, and related to patient care. 42 CFR, Sections 413.20 and 413.153 CMS Pub. 15-1, Sections 202.2, 212.1, 212.2 and 2304								
3	4	85	4	2	85.00	\$10,017	(\$53)	\$9,964
Utilities To eliminate excess Verizon expense posting. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
4	4.1	230	4	2	230.00	\$4,952	(\$17,515)	(\$12,563)
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								

Provider Name		Fiscal Period		Provider Number		Adjustments					
NAVAJO HOME		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60477F		4					
Adj. No.	Report References			Line	Sch	Col.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report									
	DHS 3076										
	Page or Exhibit										

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NAVAJO HOME		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60477F		4						
Adj. No.	Report References			Line	Sch	Col.	Line	Explanation of Audit Adjustments	As Reported	As Adjusted	Increase (Decrease)	
	Cost Report	Audit Report										
	DHS 3076											
	Page or Exhibit											

