

**REPORT
ON THE
RATE SETTING AUDIT**

**PALM HOUSE
LA VERNE, CALIFORNIA
PROVIDER NUMBER: LTC60435F
NPI: 1346399276**

**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: PALM HOUSE
PROVIDER NO. LTC60435F
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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	\$	330,859	\$ 150.66
Net Audit Adjustment		(3,305)	(1.50)
Audited Cost/Cost Per Day	\$	<u>327,554</u>	\$ <u>149.16</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:
PALM HOUSE

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

Provider Number:
LTC60435F

Provider NPI:
1346399276

**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>330,859</u>	\$ <u>327,554</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>150.66</u>	\$ <u>149.16</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:
PALM HOUSE

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

Provider Number:
LTC60435F

Provider NPI:
1346399276

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	2	\$ 8,040	\$ (55)	\$ 7,985
050	Leases and Rentals				0
055	Real Property Taxes		3,362		3,362
060	Personal Property Taxes				0
065	Mortgage Interest		9,300		9,300
070	Property Insurance	1	2,769	(2,136)	633
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,471	\$ (2,191)	\$ 21,280
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 6,373	\$	\$ 6,373
085	Utilities	3-5	10,416	(2,393)	8,023
090	Client Transportation				0
095	Dietary		13,887		13,887
100	Personal Care and Laundry		3,052		3,052
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 33,728	\$ (2,393)	\$ 31,335
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 57,199	\$ (4,584)	\$ 52,615
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,983	\$	\$ 15,983
120	QMRP Fringe Benefits		4,080		4,080
125	Lead Salaries		33,232		33,232
130	Lead Fringe Benefits		8,484		8,484
135	Aides Salaries		86,624		86,624
140	Aides Fringe Benefits		22,114		22,114
145	Other Salaries		15,490		15,490
150	Other Fringe Benefits		4,628		4,628
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 190,635	\$ 0	\$ 190,635

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PALM 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		\$ 1,058	\$	\$ 1,058
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,713		1,713
175	Occupational Therapy Consultant		1,615		1,615
180	Pharmacist Consultant		823		823
185	Nurse Consultant				0
190	Psychologist Consultant		2,695		2,695
195	Physician Consultant		2,238		2,238
200	Recreational Consultant		600		600
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,742	\$ 0	\$ 10,742
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		20,483		20,483
230	Other Administrative and General	1,6	51,800	1,279	53,079
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 72,283	\$ 1,279	\$ 73,562
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 330,859	\$ (3,305)	\$ 327,554
	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)		\$ 330,859	\$ (3,305)	\$ 327,554

Provider Name		Fiscal Period		Provider Number		Adjustments		
PALM HOUSE		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60435F		6		
Adj. No.	DHS 3076 Page or Exhibit	Report References		AUDIT REPORT		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch	Line			
1	4	70	4	2	70.00	\$2,769	(\$2,136)	\$633
	4.1	230	4	2	230.00	51,800	2,136	53,936 *
<p style="text-align: center;">RECLASSIFICATION OF REPORTED COSTS</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				
PALM HOUSE		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60435F		6				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT							
2	4	45	4	2	45.00	2	2	\$8,040	(\$55)	\$7,985
Depreciation and Amortization To adjust depreciation expense to agree with the provider's detailed depreciation schedules. 42 CFR 413.20, 413.24, 413.50, and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302.4, and 2304										
3	4	85	4	2	85.00	2	2	\$10,416		
Utilities To adjust gas expense to agree with the paid invoice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
4									(109)	
To eliminate prior year cable TV expense and late fees associated with gas and cable TV expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3										
5									(2,015) (\$2,393)	\$8,023
To eliminate returned check and security requirement expenses related to gas bills due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
6	4.1	230	4	2	230.00	4	2	\$53,936	(\$857)	\$53,079
Other General and Administrative To adjust reported home 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