

**REPORT  
ON THE  
RATE SETTING AUDIT**

**TAHOE HOME  
MANTECA, CALIFORNIA  
PROVIDER NUMBERS: LTC60178F /  
NPI 1629263231**

**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: TAHOE HOME  
PROVIDER NO. LTC60178F / NPI 1629263231  
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	\$	339,475	\$ 155.08
Net Audit Adjustment		(27,269)	(12.46)
Audited Cost/Cost Per Day	\$	<u>312,206</u>	\$ <u>142.62</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  
Page 2

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 Section Chief  
Audits Section - Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
TAHOE HOME

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

**Provider Number:**  
LTC60178F

**Provider NPI:**  
1629263231

**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 )	2,189	2,189
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,189</u>	<u>2,189</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>339,475</u>	\$ <u>312,206</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>155.08</u>	\$ <u>142.62</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:  
TAHOE HOME

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

Provider Number:  
LTC60178F

Provider NPI:  
1629263231

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	\$ 4,696	\$ (388)	\$ 4,308
050	Leases and Rentals		9,254		9,254
055	Real Property Taxes		1,078		1,078
060	Personal Property Taxes				0
065	Mortgage Interest	2	22,126	(20,147)	1,979
070	Property Insurance		2,994		2,994
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 40,148	\$ (20,535)	\$ 19,613
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 12,533	\$	\$ 12,533
085	Utilities		13,044		13,044
090	Client Transportation		(8,459)		(8,459)
095	Dietary		20,718		20,718
100	Personal Care and Laundry		1,262		1,262
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 39,098	\$ 0	\$ 39,098
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 79,246	\$ (20,535)	\$ 58,711
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 9,115	\$	\$ 9,115
120	QMRP Fringe Benefits		2,370		2,370
125	Lead Salaries		4,390		4,390
130	Lead Fringe Benefits		1,142		1,142
135	Aides Salaries		128,868		128,868
140	Aides Fringe Benefits		33,506		33,506
145	Other Salaries		1,208		1,208
150	Other Fringe Benefits		314		314
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 180,913	\$ 0	\$ 180,913

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
TAHOE HOME

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

Provider Number:  
LTC60178F

Provider NPI:  
1629263231

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 810	\$	\$ 810
165	Speech Pathology Consultant		0		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		712		712
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,172	\$ 0	\$ 2,172
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 38,808	\$	\$ 38,808
225	Administrative Fringe Benefits		10,733		10,733
226	Quality Assurance Fees		19,701		19,701
230	Other Administrative and General	3	7,902	(6,734)	1,168
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 77,144	\$ (6,734)	\$ 70,410
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 339,475	\$ (27,269)	\$ 312,206
	<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)		\$ 339,475	\$ (27,269)	\$ 312,206

Provider Name		Fiscal Period		Provider Number		Adjustments		
TAHOE HOME		APRIL 1, 2007 THROUGH MARCH 31, 2008		LTC60178F		3		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4	45	4	2	45.00	\$4,696	(\$388)	\$4,308
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	\$22,126	(\$20,147)	\$1,979
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	4.1	230	4	2	230.00	\$7,902	(\$6,734)	\$1,168
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								