

**REPORT
ON THE
RATE SETTING AUDIT**

**HAWAIIAN HOUSE
HAWAIIAN GARDENS, CALIFORNIA
PROVIDER NUMBER: LTC60752F**

**FISCAL PERIOD ENDED
MAY 31, 2008**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Henry Igboke
Auditor: Mineo Gonzalez**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 29, 2009

Mark Wilson
Administrator
1027 Calle Juca
La Habra, CA 90631

PROVIDER: HAWAIIAN HOUSE
PROVIDER NO. LTC60752F
FISCAL PERIOD ENDED MAY 31, 2008

We have examined the facility's financial records/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, 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	\$	343,458	\$ 156.83
Net Audit Adjustment		<u>(1,065)</u>	<u>(.49)</u>
Audited Cost/Cost Per Day	\$	<u>342,393</u>	\$ <u>156.34</u>

This audit report includes the:

1. Audit Report Schedules 1 through 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.

Mark Wilson
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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:

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—Santa Ana at (714) 558-4434.

(Original signed by Felipe Avila)

for

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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

Provider:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2007 THROUGH MAY 31, 2008

Provider Number:
LTC60752F

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>343,458</u>	\$ <u>342,393</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>156.83</u>	\$ <u>156.34</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:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2007 THROUGH MAY 31, 2008

Provider Number:
LTC60752F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 3,692	\$	\$ 3,692
050	Leases and Rentals		0		0
055	Real Property Taxes		2,033		2,033
060	Personal Property Taxes		0		0
065	Mortgage Interest		8,672		8,672
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 14,397	\$ 0	\$ 14,397
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 2	\$ 13,795	\$ (3,883)	\$ 9,912
085	Utilities		5,165		5,165
090	Client Transportation		3,505		3,505
095	Dietary		13,337		13,337
100	Personal Care and Laundry		579		579
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,381	\$ (3,883)	\$ 32,498
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,778	\$ (3,883)	\$ 46,895
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 18,000	\$	\$ 18,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		31,250		31,250
130	Lead Fringe Benefits		4,919		4,919
135	Aides Salaries		110,683		110,683
140	Aides Fringe Benefits		20,970		20,970
145	Other Salaries		2,880		2,880
150	Other Fringe Benefits		496		496
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 189,198	\$ 0	\$ 189,198

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2007 THROUGH MAY 31, 2008

Provider Number:
LTC60752F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 610	\$	\$ 610
165	Speech Pathology Consultant		1,820		1,820
170	Physical Therapy Consultant		1,530		1,530
175	Occupational Therapy Consultant		1,020		1,020
180	Pharmacist Consultant		325		325
185	Nurse Consultant		12,600		12,600
190	Psychologist Consultant		963		963
195	Physician Consultant		0		0
200	Recreational Consultant		1,733		1,733
205	Social Service Consultant		0		0
210	Other Consultant		1,085		1,085
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 21,686	\$ 0	\$ 21,686
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		14,944		14,944
230	Other Administrative and General	1, 3	66,852	2,818	69,670
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 81,796	\$ 2,818	\$ 84,614
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 343,458	\$ (1,065)	\$ 342,393
	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)		\$ 343,458	\$ (1,065)	\$ 342,393

SUMMARY OF AUDITED LABOR REPORT

Provider:
HAWAIIAN HOUSE

Fiscal Period:
JUNE 1, 2007 THROUGH MAY 31, 2008

Provider Number:
LTC60752F

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj)	
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 0	\$ 18,000		\$ 0.00
2	Lead	4,919	31,250		0.00
3	Aides	20,970	110,683		0.00
4	Other	496	2,880		0.00
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 26,385	\$ 162,813	0	
	CONSULTANT STAFF				
6	Dietician	\$	\$		\$ 0.00
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist				0.00
11	Nurse				0.00
12	Psychologist				0.00
13	Physician				0.00
14	Recreational				0.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 0	0	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 26,385	\$ 162,813	0	

Provider Name		Fiscal Period		Provider Number		Adjustments		
HAWAIIAN HOUSE		JUNE 1, 2007 THROUGH MAY 31, 2008		LTC60752F		3		
Adj. No.	Report References		AUDIT REPORT		As Reported	Increase (Decrease)	As Adjusted	
	COST REPORT	Line	Col.	Sch				Line
1	4	80	4	2	80.00	Home Operations and Maintenance	\$13,795	\$10,037 *
	4.1	230	4	2	230.00	Other Administrative and General	66,852	70,610 *
<p>To reclassify license expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8</p>								
<p>RECLASSIFICATION OF REPORTED COSTS</p>								

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments			
HAWAIIAN HOUSE		JUNE 1, 2007 THROUGH MAY 31, 2008		LTC60752F		3			
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	AUDIT REPORT							
2	4	80	4	2	4	80.00	\$10,037	(\$125)	\$9,912
3	4.1	230	4	2	4	230.00	\$70,610	(\$940)	\$69,670

Explanation of Audit Adjustments
ADJUSTMENTS TO REPORTED COSTS

2 4 80 4 2 4 80.00 Home Operations and Maintenance
 To eliminate consultant expense due to insufficient documentation.
 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304

3 4.1 230 4 2 4 230.00 Other Administrative and General
 To eliminate license expense not pertaining to the
 current audit period.
 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304

*Balance carried forward from prior/to subsequent adjustments