

**REPORT ON THE  
RATE SETTING AUDIT**

**THE ARC OF SAN DIEGO—TURLEY  
SAN DIEGO, CALIFORNIA  
PROVIDER NUMBER: LTC60597F  
NATIONAL PROVIDER IDENTIFIER: 1730361569**

**FISCAL PERIOD ENDED  
JUNE 30, 2008**

**Audits Section—San Diego  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Patricia M. Fox  
Audit Supervisor: Sergio Gonzalez  
Auditor: Stacey A. Leon**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

October 30, 2009

Travis Clancy  
Accounting Supervisor  
The Arc of San Diego  
3030 Market Street  
San Diego, CA 92102

THE ARC OF SAN DIEGO—TURLEY  
PROVIDER NUMBER LTC60597F  
NATIONAL PROVIDER IDENTIFIER (NPI) 1730361569  
FISCAL PERIOD ENDED JUNE 30, 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	\$	407,221	\$ 185.44
Net Audit Adjustment		(24,984)	(11.38)
Audited Cost/Cost Per Day	\$	<u>382,237</u>	\$ <u>174.06</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.

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 Hearings and Appeals  
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—San Diego at (619) 688-3200.

Original Signed By

Patricia M. Fox, Chief  
Audits Section—San Diego  
Financial Audits Branch

Certified

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

**Provider:**  
THE ARC OF SAN DIEGO—TURLEY

**Fiscal Period:**  
JULY 1, 2007 THROUGH JUNE 30, 2008

**Provider Number:**  
LTC60597F

**Provider NPI:**  
1730361569

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
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>407,221</u>	\$ <u>382,237</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>185.44</u>	\$ <u>174.06</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>N/A</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:  
THE ARC OF SAN DIEGO—TURLEY

Fiscal Period:  
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:  
LTC60597F

Provider NPI:  
1730361569

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		\$ 5,800	\$	\$ 5,800
050	Leases and Rentals				0
055	Real Property Taxes		67		67
060	Personal Property Taxes				0
065	Mortgage Interest		20,483		20,483
070	Property Insurance		3,248		3,248
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 29,598	\$ 0	\$ 29,598
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 22,220	\$	\$ 22,220
085	Utilities		9,672		9,672
090	Client Transportation		2,338		2,338
095	Dietary		14,688		14,688
100	Personal Care and Laundry		10,146		10,146
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 59,065	\$ 0	\$ 59,065
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 88,663	\$ 0	\$ 88,663
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 14,111	\$	\$ 14,111
120	QMRP Fringe Benefits	1, 2	4,448	(563)	3,885
125	Lead Salaries		31,953		31,953
130	Lead Fringe Benefits	1, 2	10,071	(1,271)	8,800
135	Aides Salaries	3	105,597	(714)	104,883
140	Aides Fringe Benefits	1, 2	33,284	(4,204)	29,080
145	Other Salaries		11,988		11,988
150	Other Fringe Benefits	1, 2	3,779	(478)	3,301
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 215,232	\$ (7,230)	\$ 208,002

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
THE ARC OF SAN DIEGO—TURLEY

Fiscal Period:  
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:  
LTC60597F

Provider NPI:  
1730361569

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 525	\$	\$ 525
165	Speech Pathology Consultant		4		4
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		7,077		7,077
190	Psychologist Consultant				0
195	Physician Consultant		808		808
200	Recreational Consultant		1,632		1,632
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,046	\$ 0	\$ 10,046
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		20,305		20,305
230	Other General and Administrative	1, 4	72,975	(17,754)	55,221
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 93,280	\$ (17,754)	\$ 75,526
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 407,221	\$ (24,984)	\$ 382,237
	<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)		\$ 407,221	\$ (24,984)	\$ 382,237

Provider Name		Fiscal Period		Provider Number, NPI		Adjustments		
THE ARC OF SAN DIEGO—TURLEY		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60597F, 1730361569		4		
Adj. No.	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted	
	Cost Report	Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.					
1	4.1 of 6	120	4	2	120.00	QMRP Fringe Benefits	\$4,448	\$4,352 *
	4.1 of 6	130	4	2	130.00	Lead Benefits	10,071	9,854 *
	4.1 of 6	140	4	2	140.00	Aides Benefits	33,284	32,566 *
	4.1 of 6	150	4	2	150.00	Other Benefits	3,779	3,697 *
	4.1 of 6	230	4	2	230.00	Other General and Administrative	72,975	74,088 *
						To reclassify training and recruitment 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		
						1,113		

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period				Provider Number, NPI		Adjustments		
THE ARC OF SAN DIEGO—TURLEY		JULY 1, 2007 THROUGH JUNE 30, 2008				LTC60597F, 1730361569		4		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		Line	Sch	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Line	Line					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4.1 of 6	120	4	2	120.00	2		\$4,352	(\$467)	\$3,885
	4.1 of 6	130	4	2	130.00	2		9,854	(1,054)	8,800
	4.1 of 6	140	4	2	140.00	2		32,566	(3,486)	29,080
	4.1 of 6	150	4	2	150.00	2		3,697	(396)	3,301
QMRP Fringe Benefits Lead Benefits Aides Benefits Other Benefits To adjust employee benefits expense to agree with the provider's records. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304										
3	4.1 of 6	135	4	2	135.00	2		\$105,597	(\$714)	\$104,883
Aides Salaries To adjust aides salaries expense to agree with the provider's records. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304										
4	4.1 of 6	230	4	2	230.00	2		\$74,088	(\$18,867)	\$55,221
Other General and Administrative To adjust reported home office costs to agree with the filed Home Office Cost Report for The Arc of San Diego for fiscal period ended June 30, 2008. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 2150.2, 2300, and 2304										

\*Balance carried forward from prior/to subsequent adjustments