

**REPORT
ON THE
RATE SETTING AUDIT**

**ELIZABETH HOMES II
BUENA PARK, CALIFORNIA
PROVIDER NUMBER: LTC60645G**

**FISCAL PERIOD ENDED
JUNE 30, 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: Sandra Hy**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

November 10, 2009

Elizabeth G. Santos, President
Elizabeth Homes II
6288 San Ricardo Way
Buena Park, CA 90620

PROVIDER: ELIZABETH HOMES II
PROVIDER NO. LTC60645G
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	\$	332,199		\$ 163.48
Net Audit Adjustment		<u>2,892</u>		<u>1.43</u>
Audited Cost/Cost Per Day	\$	<u>335,091</u>		\$ <u>164.91</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.

Elizabeth G. Santos
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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 Margaret Varho)

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

Certified

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

Provider:
ELIZABETH HOMES II

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

Provider Number:
LTC60645G

Provider NPI:
1437241692

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,032	2,032
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,032</u>	<u>2,032</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>332,199</u>	\$ <u>335,091</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>163.48</u>	\$ <u>164.91</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:
ELIZABETH HOMES II

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

Provider Number:
LTC60645G

Provider NPI:
1437241692

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 1,493	\$	\$ 1,493
050	Leases and Rentals				0
055	Real Property Taxes		2,555		2,555
060	Personal Property Taxes				0
065	Mortgage Interest	1	21,181	(11,738)	9,443
070	Property Insurance		677		677
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,906	\$ (11,738)	\$ 14,168
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,955	\$	\$ 8,955
085	Utilities	2	4,958	(59)	4,899
090	Client Transportation	3,4	9,609	(2,167)	7,442
095	Dietary		12,439		12,439
100	Personal Care and Laundry		789		789
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,750	\$ (2,226)	\$ 34,524
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,656	\$ (13,964)	\$ 48,692
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 11,608	\$	\$ 11,608
120	QMRP Fringe Benefits				0
125	Lead Salaries		30,360		30,360
130	Lead Fringe Benefits		2,568		2,568
135	Aides Salaries		96,701		96,701
140	Aides Fringe Benefits		15,727		15,727
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 156,964	\$ 0	\$ 156,964

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ELIZABETH HOMES II

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

Provider Number:
LTC60645G

Provider NPI:
1437241692

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 960	\$	\$ 960
165	Speech Pathology Consultant		264		264
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		2,328		2,328
180	Pharmacist Consultant		380		380
185	Nurse Consultant		10,760		10,760
190	Psychologist Consultant		2,794		2,794
195	Physician Consultant				0
200	Recreational Consultant	5	2,340	(180)	2,160
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,826	\$ (180)	\$ 19,646
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 27,000	\$	\$ 27,000
225	Administrative Fringe Benefits		1,330		1,330
226	Quality Assurance Fees	6	0	17,036	17,036
230	Other Administrative and General		64,423		64,423
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 92,753	\$ 17,036	\$ 109,789
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 332,199	\$ 2,892	\$ 335,091
	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)		\$ 332,199	\$ 2,892	\$ 335,091

Provider Name		Fiscal Period		Provider Number		Adjustments		
ELIZABETH HOMES II		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60645G		6		
Adj. No.	DHS3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4	65	4	2	65.00	\$21,181	(\$11,738)	\$9,443
Mortgage Interest To eliminate nonallowable interest expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3								
2	4	85	4	2	85.00	\$4,958	(\$59)	\$4,899
Utilities To eliminate cable expense not applicable to the audited facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
3	4	90	4	2	90.00	\$9,609	(\$738)	\$8,871 *
Client Transportation To eliminate auto lease expense not applicable to the audited facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
4	4	90	4	2	90.00	\$8,871	(\$1,429)	\$7,442
Client Transportation To adjust the vehicle insurance expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
5	4.1	90	4	2	200.00	\$2,340	(\$180)	\$2,160
Recreational Consultant To eliminate recreational consultant expense not applicable to the audited period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
6	4.1	226	4	2	226.00	\$0	\$17,036	\$17,036
Quality Assurance Fees To include Quality Assurance Fees to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								

*Balance carried forward from prior/to subsequent adjustments