

**REPORT
ON THE
RATE SETTING AUDIT**

**HARBOR VILLAGE 1
COSTA MESA, CALIFORNIA
PROVIDER NUMBER: LTC60358F**

**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: Lan Nguyen
Auditor: Emmanuel K. Ngati**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

October 27, 2009

P. Dennis Mattson, President
Independent Options, Inc.
P.O. Box 2197
Corona, CA 92878

PROVIDER: HARBOR VILLAGE I
PROVIDER NO. LTC60358F
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 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	\$	361,504	\$ 166.06
Net Audit Adjustment		<u>(123)</u>	<u>(0.06)</u>
Audited Cost/Cost Per Day	\$	<u>361,381</u>	\$ <u>166.00</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustment 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.

P. Dennis Mattson
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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

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

Provider:
HARBOR VILLAGE 1

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

Provider Number:
LTC60358F

Provider NPI:
1851463483

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,177	2,177
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,177</u>	<u>2,177</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>361,504</u>	\$ <u>361,381</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.06</u>	\$ <u>166.00</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>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HARBOR VILLAGE 1

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

Provider Number:
LTC60358F

Provider NPI:
1851463483

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 294	\$ (123)	\$ 171
050	Leases and Rentals		25,562		25,562
055	Real Property Taxes				0
060	Personal Property Taxes		25		25
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,881	\$ (123)	\$ 25,758
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 9,735	\$	\$ 9,735
085	Utilities		2,562		2,562
090	Client Transportation		5,856		5,856
095	Dietary		11,039		11,039
100	Personal Care and Laundry		4,307		4,307
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 33,499	\$ 0	\$ 33,499
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 59,380	\$ (123)	\$ 59,257
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,858	\$	\$ 14,858
120	QMRP Fringe Benefits		1,349		1,349
125	Lead Salaries		56,319		56,319
130	Lead Fringe Benefits		4,992		4,992
135	Aides Salaries		92,243		92,243
140	Aides Fringe Benefits		9,164		9,164
145	Other Salaries		13,308		13,308
150	Other Fringe Benefits		1,134		1,134
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 193,366	\$ 0	\$ 193,366

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HARBOR VILLAGE 1

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

Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 640	\$	\$ 640
165	Speech Pathology Consultant		1,980		1,980
170	Physical Therapy Consultant		1,080		1,080
175	Occupational Therapy Consultant		2,160		2,160
180	Pharmacist Consultant		95		95
185	Nurse Consultant				0
190	Psychologist Consultant		2,520		2,520
195	Physician Consultant		1,800		1,800
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,275	\$ 0	\$ 10,275
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		19,147		19,147
230	Other Administrative and General		79,336		79,336
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,483	\$ 0	\$ 98,483
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 361,504	\$ (123)	\$ 361,381
	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)		\$ 361,504	\$ (123)	\$ 361,381

Provider Name		Fiscal Period		Provider Number		Adjustments				
HARBOR VILLAGE 1		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60358F		1				
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	As Adjusted		
	Cost Report	Audit Report								
1	4	45	4	2	45.00	45.00	\$294	(\$123)	\$171	
<p>Explanation of Audit Adjustments</p> <p>ADJUSTMENT TO REPORTED COSTS</p> <p>Depreciation and Amortization To adjust the reported depreciation to agree with the audited depreciation expense. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102 and 2304</p>										