

**REPORT
ON THE
RATE SETTING AUDIT**

**SALEM CHRISTIAN HOMES, INC. – LA DENEY HOME
ONTARIO, CALIFORNIA
PROVIDER NUMBER: LTC60955F
NPI: 1346408598**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

**Audits Section—Rancho Cucamonga
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Julio M. Cueto
Audit Supervisor: Virat Shah
Auditor: Robert Neely**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

September 8, 2009

Alan Bos
Director of Finance
Salem Christian Homes, Inc.
6921 Edison Avenue
Chino, CA 91710

PROVIDER: SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME
PROVIDER NO. LTC60955F
NPI: 1346408598
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	\$	478,075	\$ 217.90
Net Audit Adjustment		(360)	(.16)
Audited Cost/Cost Per Day	\$	<u>477,715</u>	\$ <u>217.74</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$70, which resulted from Medi-Cal Share of Cost overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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 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.

Alan Bos
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If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Marlene Everett
Director of ICF/DDH Services

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

Provider:
SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME

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

Provider Number:
LTC60955F

Provider NPI:
1346408598

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,194	2,194
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,194</u>	<u>2,194</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>478,075</u>	\$ <u>477,715</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>217.90</u>	\$ <u>217.74</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 5)	\$ <u>NA</u>	\$ <u>(70)</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:
SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME

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

Provider Number:
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Provider NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 7,047	\$	\$ 7,047
050	Leases and Rentals				0
055	Real Property Taxes		19		19
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		1,327		1,327
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,393	\$ 0	\$ 8,393
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 8,674	\$ (479)	\$ 8,195
085	Utilities		7,706		7,706
090	Client Transportation		10,310		10,310
095	Dietary	1	9,256	479	9,735
100	Personal Care and Laundry		2,370		2,370
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,316	\$ 0	\$ 38,316
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 46,709	\$ 0	\$ 46,709
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 13,008	\$	\$ 13,008
120	QMRP Fringe Benefits		4,377		4,377
125	Lead Salaries		80,270		80,270
130	Lead Fringe Benefits		18,857		18,857
135	Aides Salaries		165,786		165,786
140	Aides Fringe Benefits		19,535		19,535
145	Other Salaries		11,198		11,198
150	Other Fringe Benefits		3,460		3,460
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 316,491	\$ 0	\$ 316,491

SUMMARY OF AUDITED FACILITY EXPENSES

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Fiscal Period:
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Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 960	\$	\$ 960
165	Speech Pathology Consultant		125		125
170	Physical Therapy Consultant		1,725		1,725
175	Occupational Therapy Consultant	2	1,400	105	1,505
180	Pharmacist Consultant				0
185	Nurse Consultant		38		38
190	Psychologist Consultant	2	1,980	420	2,400
195	Physician Consultant				0
200	Recreational Consultant	4	1,180	(360)	820
205	Social Service Consultant				0
210	Other Consultant	2	525	(525)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,933	\$ (360)	\$ 7,573
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries		\$ 11,806	\$	\$ 11,806
225	Administrative Fringe Benefits		3,044		3,044
226	Quality Assurance Fees	3	21,416	(2,819)	18,597
230	Other Administrative and General	3	70,676	2,819	73,495
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 106,942	\$ 0	\$ 106,942
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 478,075	\$ (360)	\$ 477,715
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 478,075	\$ (360)	\$ 477,715

Provider Name		Fiscal Period		Provider Number		Adjustments		
SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60955F		5		
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	\$8,674	\$8,195
	4	95	4	2	95.00	Dietary	9,256	9,735
						To reclassify Stater Brothers and Food 4 Less 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		
2	4.1	175	4	2	175.00	Occupational Therapy Consultant	\$1,400	\$1,505
	4.1	190	4	2	190.00	Psychologist Consultant	1,980	2,400
	4.1	210	4	2	210.00	Other Consultant	525	0
						To reclassify occupational therapy and psychologist expenses to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304		
3	4.1	226	4	2	226.00	Quality Assurance Fees	\$21,416	\$18,597
	4.1	230	4	2	230.00	Other General and Administrative	70,676	73,495
						To reclassify licensing expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304		

RECLASSIFICATIONS OF REPORTED COSTS

Provider Name		Fiscal Period		Provider Number		Adjustments	
SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60955F		5	
Report References		AUDIT REPORT					
COST REPORT							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	As Reported	Increase (Decrease) As Adjusted
4	4.1	200	4	2	200.00	\$1,180	(\$360) \$820
Recreational Consultant To eliminate prior year Recreation Programs Unlimited consultant expense. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304							
<u>ADJUSTMENT TO REPORTED COSTS</u>							

Provider Name		Fiscal Period		Provider Number		Adjustments	
SALEM CHRISTIAN HOMES, INC. - LA DENEY HOME		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60955F		5	
Report References		AUDIT REPORT					
COST REPORT							
DHS 3076							
Page or Exhibit	Line	Col.	Sch		As Reported	Increase (Decrease)	As Adjusted
Adj. No.							
5	Not Reported		1	1.00	Medi-Cal Overpayments	\$0	\$70
<p>To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1</p>							
<u>ADJUSTMENT TO OTHER MATTERS</u>							