

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MARK LANE 1  
COSTA MESA, CALIFORNIA  
PROVIDER NUMBER: LTC60436F**

**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: MARK LANE I  
PROVIDER NO. LTC60436F  
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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	\$	357,125	\$ 163.74
Net Audit Adjustment		<u>(4,555)</u>	<u>(2.08)</u>
Audited Cost/Cost Per Day	\$	<u>352,570</u>	\$ <u>161.66</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:**  
MARK LANE 1

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

**Provider Number:**  
LTC60436F

**Provider NPI:**  
1851463483

**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 )	2,181	2,181
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,181</u>	<u>2,181</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>357,125</u>	\$ <u>352,570</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>163.74</u>	\$ <u>161.66</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:  
MARK LANE 1

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

Provider Number:  
LTC60436F

Provider NPI:  
1851463483

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		\$ 834	\$	\$ 834
050	Leases and Rentals		28,095		28,095
055	Real Property Taxes				0
060	Personal Property Taxes		142		142
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 29,071	\$ 0	\$ 29,071
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 16,961	\$ (4,555)	\$ 12,406
085	Utilities		6,113		6,113
090	Client Transportation		10,745		10,745
095	Dietary		13,543		13,543
100	Personal Care and Laundry		6,319		6,319
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 53,681	\$ (4,555)	\$ 49,126
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 82,752	\$ (4,555)	\$ 78,197
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 15,600	\$	\$ 15,600
120	QMRP Fringe Benefits		4,873		4,873
125	Lead Salaries		54,738		54,738
130	Lead Fringe Benefits		7,328		7,328
135	Aides Salaries		69,383		69,383
140	Aides Fringe Benefits		1,303		1,303
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)		\$ 167,667	\$ 0	\$ 167,667

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MARK LANE 1

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

Provider Number:  
LTC60436F

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1851463483

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 660	\$	\$ 660
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				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 8,495	\$ 0	\$ 8,495
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		18,729		18,729
230	Other Administrative and General		79,482		79,482
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,211	\$ 0	\$ 98,211
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 357,125	\$ (4,555)	\$ 352,570
	<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)		\$ 357,125	\$ (4,555)	\$ 352,570

Provider Name		Fiscal Period		Provider Number		Adjustments		
MARK LANE 1		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60436F		1		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
1	4	80	4	2	80.00	\$16,961	(\$4,555)	\$12,406
<p>Home Operations and Maintenance</p> <p>To eliminate expenses for assets that have been capitalized and assigned to the facility through a home office cost adjustment.</p> <p>42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Section 108</p> <p style="text-align: center;"><b>ADJUSTMENT TO REPORTED COSTS</b></p>								