

**REPORT
ON THE
RATE SETTING AUDIT**

**SHERWOOD HOUSE
FULLERTON, CALIFORNIA
PROVIDER NUMBER: LTC80176F**

**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: Lang Doan**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

October 27, 2009

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

PROVIDER: SHERWOOD HOUSE
PROVIDER NO. LTC80176F
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	\$	480,227	\$ 219.28
Net Audit Adjustment		<u>(1,363)</u>	<u>(0.62)</u>
Audited Cost/Cost Per Day	\$	<u>478,864</u>	\$ <u>218.66</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.

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

Certified

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

Provider:
SHERWOOD HOUSE

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

Provider Number:
LTC80176F

Provider NPI:
1851463483

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>480,227</u>	\$ <u>478,864</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>219.28</u>	\$ <u>218.66</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:
SHERWOOD HOUSE

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

Provider Number:
LTC80176F

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	\$ 2,045	\$ (149)	\$ 1,896
050	Leases and Rentals	2	30,286	(362)	29,924
055	Real Property Taxes				0
060	Personal Property Taxes		124		124
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 32,455	\$ (511)	\$ 31,944
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 30,379	\$	\$ 30,379
085	Utilities		8,909		8,909
090	Client Transportation		17,408		17,408
095	Dietary		10,947		10,947
100	Personal Care and Laundry	3, 4, 5	6,301	(852)	5,449
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 73,944	\$ (852)	\$ 73,092
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 106,399	\$ (1,363)	\$ 105,036
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,900	\$	\$ 15,900
120	QMRP Fringe Benefits		1,299		1,299
125	Lead Salaries		47,801		47,801
130	Lead Fringe Benefits		4,260		4,260
135	Aides Salaries		97,763		97,763
140	Aides Fringe Benefits		9,998		9,998
145	Other Salaries		77,584		77,584
150	Other Fringe Benefits		7,611		7,611
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 262,216	\$ 0	\$ 262,216

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SHERWOOD HOUSE

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		\$ 1,304	\$	\$ 1,304
165	Speech Pathology Consultant		1,980		1,980
170	Physical Therapy Consultant		2,320		2,320
175	Occupational Therapy Consultant		2,160		2,160
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		344		344
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)		\$ 8,108	\$ 0	\$ 8,108
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		23,694		23,694
230	Other Administrative and General		79,810		79,810
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 103,504	\$ 0	\$ 103,504
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 480,227	\$ (1,363)	\$ 478,864
	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)		\$ 480,227	\$ (1,363)	\$ 478,864

Provider Name		Fiscal Period		Provider Number		Adjustments			
SHERWOOD HOUSE		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80176F		5			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	As Reported	Increase (Decrease)	As Adjusted	
		COST REPORT	AUDIT REPORT						
ADJUSTMENTS TO REPORTED COSTS									
1	4	45	4	2	45.00	Depreciation and Amortization To adjust depreciation expenses to the straight line basis. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 116 and 120	\$2,045	(\$149)	\$1,896
2	4	50	4	2	50.00	Leases and Rentals To eliminate late charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1	\$30,286	(\$362)	\$29,924
3	4	100	4	2	100.00	Personal Care and Laundry To eliminate platinum cable package expenses. 42 CFR 413.5 and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2104.3 and 2106.1	\$6,301	(\$492)	\$5,809 *
4	4	100	4	2	100.00	Personal Care and Laundry To eliminate donation costs not related to patient care. 42 CFR 413.5 (c)(7), 413.9 and 413.80 CMS Pub. 15-1, Sections 608, 610 and 2102.3	\$5,809	(\$240)	\$5,569 *
5	4	100	4	2	100.00	Personal Care and Laundry To eliminate restaurant meal expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$5,569	(\$120)	\$5,449

*Balance carried forward from prior/to subsequent adjustments