

**REPORT ON THE
RATE SETTING AUDIT**

**T.E.R.I., INC.—ORIENTE HOUSE
VISTA, CALIFORNIA
PROVIDER NUMBER: LTC60324F
NATIONAL PROVIDER IDENTIFIER (NPI): 1962488007**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

**Audits Section—San Diego
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Patricia M. Fox
Audit Supervisor: Sergio Gonzalez
Auditor: Peter Rodriguez**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 7, 2009

Cheryl Kilmer
Chief Executive Officer
T.E.R.I., Inc.
251 Airport Road
Oceanside, CA 92058

T.E.R.I., INC.—ORIENTE HOUSE
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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, 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	\$	492,572	\$ 224.30
Net Audit Adjustment		(6,735)	(3.06)
Audited Cost/Cost Per Day	\$	<u>485,837</u>	\$ <u>221.24</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.

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 Hearings and Appeals
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—San Diego at (619) 688-3200.

Original Signed By

Patricia M. Fox, Chief
Audits Section—San Diego
Financial Audits Branch

Certified

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

Provider:
T.E.R.I., INC.—ORIENTE HOUSE

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

Provider Number:
LTC60324F

Provider NPI:
1962488007

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,196	2,196
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,196</u>	<u>2,196</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>492,572</u>	\$ <u>485,837</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>224.30</u>	\$ <u>221.24</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>N/A</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:
T.E.R.I., INC.—ORIENTE HOUSE

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

Provider Number:
LTC60324F

Provider NPI:
1962488007

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 33,870	\$	\$ 33,870
050	Leases and Rentals		5,611		5,611
055	Real Property Taxes		18		18
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		1,148		1,148
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 40,647	\$ 0	\$ 40,647
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 31,037	\$	\$ 31,037
085	Utilities		13,815		13,815
090	Client Transportation		10,582		10,582
095	Dietary		17,803		17,803
100	Personal Care and Laundry		6,802		6,802
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 80,039	\$ 0	\$ 80,039
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 120,686	\$ 0	\$ 120,686
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 20,435	\$	\$ 20,435
120	QMRP Fringe Benefits		3,933		3,933
125	Lead Salaries		33,705		33,705
130	Lead Fringe Benefits		6,487		6,487
135	Aides Salaries		146,517		146,517
140	Aides Fringe Benefits		28,200		28,200
145	Other Salaries		13,547		13,547
150	Other Fringe Benefits		2,607		2,607
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 255,431	\$ 0	\$ 255,431

SUMMARY OF AUDITED FACILITY EXPENSES

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Fiscal Period:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 480	\$	\$ 480
165	Speech Pathology Consultant		220		220
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		473		473
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 1,173	\$ 0	\$ 1,173
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 24,436	\$	\$ 24,436
225	Administrative Fringe Benefits		4,703		4,703
226	Quality Assurance Fees	1	19,119	(6,735)	12,384
230	Other General and Administrative		67,024		67,024
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 115,282	\$ (6,735)	\$ 108,547
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 492,572	\$ (6,735)	\$ 485,837
	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)		\$ 492,572	\$ (6,735)	\$ 485,837

Provider Name		Fiscal Period		Provider Number, NPI		Adjustments			
T.E.R.I., INC.—ORIENTE HOUSE		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60324F, 1962488007		1			
Adj. No.	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted		
	Cost Report	Line	Col.	Sch				Line	
1	DHS 3076 Page or Exhibit	226	4	2	226.00	Quality Assurance Fees	\$19,119	(\$6,735)	\$12,384
<p>ADJUSTMENT TO REPORTED COSTS</p> <p>To adjust the reported fees to reflect the cash basis of accounting. H&S Code, Section 1324.20 (b)</p>									