

**REPORT  
ON THE  
RATE SETTING AUDIT**

**BAY HOUSE  
MORENO VALLEY, CALIFORNIA  
PROVIDER NUMBER: LTC60350G**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

**Audits Section – Santa Ana  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Margaret A. Varho  
Audit Supervisor: Henry Igboke  
Auditor: David Ellis**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

November 10, 2009

Sarah Saucedo, Financial Manager  
Developmental Client Care Industries, Inc.  
11751 Davis Street, Suite 101  
Moreno Valley, CA 92557

PROVIDER: BAY HOUSE  
PROVIDER NO. LTC60350G  
FISCAL PERIOD ENDED DECEMBER 31, 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	\$	340,353		\$ 155.41
Net Audit Adjustment		<u>(2,344)</u>		<u>(1.07)</u>
Audited Cost/Cost Per Day	\$	<u>338,009</u>		\$ <u>154.34</u>

This audit report includes the:

1. Audit Report Schedules 1 through 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.

Sarah Saucedo  
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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:**  
BAY HOUSE

**Fiscal Period:**  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

**Provider Number:**  
LTC60350G

**Provider NPI:**  
1093864944

**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 )	2,190	2,190
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>340,353</u>	\$ <u>338,009</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>155.41</u>	\$ <u>154.34</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:  
BAY HOUSE

Fiscal Period:  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:  
LTC60350G

Provider NPI:  
1093864944

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		\$	\$	\$ 0
050	Leases and Rentals				0
055	Real Property Taxes		1,706		1,706
060	Personal Property Taxes				0
065	Mortgage Interest		14,663		14,663
070	Property Insurance		479		479
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 16,848	\$ 0	\$ 16,848
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	2	\$ 11,212	\$ (17)	\$ 11,195
085	Utilities		8,515		8,515
090	Client Transportation	3	10,392	(113)	10,279
095	Dietary		13,138		13,138
100	Personal Care and Laundry		4,874		4,874
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 48,131	\$ (130)	\$ 48,001
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 64,980	\$ (130)	\$ 64,850
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 16,259	\$	\$ 16,259
120	QMRP Fringe Benefits		2,955		2,955
125	Lead Salaries		44,271		44,271
130	Lead Fringe Benefits		10,083		10,083
135	Aides Salaries		72,759		72,759
140	Aides Fringe Benefits		19,767		19,767
145	Other Salaries		15,957		15,957
150	Other Fringe Benefits		2,873		2,873
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 184,924	\$ 0	\$ 184,924

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BAY HOUSE

Fiscal Period:  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:  
LTC60350G

Provider NPI:  
1093864944

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant	4	\$ 1,268	\$ (20)	\$ 1,248
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,331		1,331
175	Occupational Therapy Consultant		1,196		1,196
180	Pharmacist Consultant		320		320
185	Nurse Consultant				0
190	Psychologist Consultant		2,300		2,300
195	Physician Consultant		267		267
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,682	\$ (20)	\$ 6,662
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 22,412		\$ 22,412
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	1	21,371	(5,628)	15,743
230	Other Administrative and General	1, 5	39,984	3,434	43,418
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 83,767	\$ (2,194)	\$ 81,573
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 340,353	\$ (2,344)	\$ 338,009
	<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)		\$ 340,353	\$ (2,344)	\$ 338,009

Provider Name		Fiscal Period		Provider Number		Adjustments				
BAY HOUSE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60350G		5				
Adj. No.	Report References		Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report								
1	4.1	226	4	2	2	226.00	Quality Assurance Fees	\$21,371	(\$5,628)	\$15,743
	4.1	230	4	2	2	230.00	Other General and Administrative	39,984	5,628	45,612 *
<p style="text-align: center;"><u>RECLASSIFICATION OF REPORTED COSTS</u></p> <p>To reclassify license fees to the appropriate cost center.                      42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2203.2, 2300,                      and 2304</p>										

Provider Name		Fiscal Period		Provider Number		Adjustments		
BAY HOUSE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60350G		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
2	4	80	4	2	80.00	\$11,212	(\$17)	\$11,195
Home Operations and Maintenance To adjust reported insurance expense to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
3	4	90	4	2	90.00	\$10,392	(\$113)	\$10,279
Client Transportation To eliminate prior year client transportation expenses. 42 CFR 413.5, 413.20, 413.24, and 460.24 CMS Pub. 15-1, Sections 1005 and 1011.5								
4	4.1	160	4	2	160.00	\$1,268	(\$20)	\$1,248
Dietician Consultant To reflect the proper accrual of dietician consultant expense applicable to the audit period. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1								
5	4.1	230	4	2	230.00	\$45,612	(\$2,194)	\$43,418
Other General and Administrative To adjust DHS license fee expense to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300, 2302.5, and 2304								

\*Balance carried forward from prior/to subsequent adjustments