

**REPORT ON THE  
RATE SETTING AUDIT**

**MOUNTAIN SHADOWS—OAK HOUSE  
SAN MARCOS, CALIFORNIA  
PROVIDER NUMBER: LTC60744G  
NATIONAL PROVIDER IDENTIFIER: 1235254582**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

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

**Section Chief: Patricia M. Fox  
Audit Supervisor: Woosung Lee  
Auditor: Michelle L. Moreno**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

December 29, 2009

Wade Wilde  
Executive Director  
Mountain Shadows  
135 Vallecitos De Oro, Suite D  
San Marcos, CA 92069

MOUNTAIN SHADOWS—OAK HOUSE  
PROVIDER NUMBER LTC60744G  
NATIONAL PROVIDER IDENTIFIER (NPI) 1235254582  
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, 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	\$	345,088	\$ 157.14
Net Audit Adjustment		(1,346)	(0.61)
Audited Cost/Cost Per Day	\$	<u>343,742</u>	\$ <u>156.53</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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:**  
MOUNTAIN SHADOWS—OAK HOUSE

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

**Provider Number:**  
LTC60744G

**Provider NPI:**  
1235254582

**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 4)	2,196	2,188
2. Other Client Days (Adj 4)	0	8
3. Total Client Days	<u>2,196</u>	<u>2,196</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>345,088</u>	\$ <u>343,742</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>157.14</u>	\$ <u>156.53</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:  
MOUNTAIN SHADOWS—OAK HOUSE

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

Provider Number:  
LTC60744G

Provider NPI:  
1235254582

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	2	\$ 4,062	\$ (521)	\$ 3,541
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		90		90
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 4,152	\$ (521)	\$ 3,631
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 5,715	\$	\$ 5,715
085	Utilities		6,521		6,521
090	Client Transportation		0		0
095	Dietary		13,606		13,606
100	Personal Care and Laundry		6,421		6,421
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 32,262	\$ 0	\$ 32,263
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 36,414	\$ (521)	\$ 35,894
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 11,247	\$	\$ 11,247
120	QMRP Fringe Benefits		860		860
125	Lead Salaries		24,309		24,309
130	Lead Fringe Benefits		5,530		5,530
135	Aides Salaries		101,948		101,948
140	Aides Fringe Benefits		23,193		23,193
145	Other Salaries		4,171		4,171
150	Other Fringe Benefits		3,103		3,103
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 174,362	\$ 0	\$ 174,361

## SUMMARY OF AUDITED FACILITY EXPENSES

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MOUNTAIN SHADOWS—OAK HOUSE

Fiscal Period:  
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,080	\$	\$ 1,080
165	Speech Pathology Consultant		1,000		1,000
170	Physical Therapy Consultant		1,530		1,530
175	Occupational Therapy Consultant		1,045		1,045
180	Pharmacist Consultant		114		114
185	Nurse Consultant		12,237		12,237
190	Psychologist Consultant		739		739
195	Physician Consultant		804		804
200	Recreational Consultant		828		828
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,377	\$ 0	\$ 19,377
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 7,498	\$	\$ 7,498
225	Administrative Fringe Benefits		574		574
226	Quality Assurance Fees	1	19,367	975	20,342
230	Other General and Administrative	3	87,496	(1,800)	85,696
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 114,935	\$ (825)	\$ 114,110
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 345,088	\$ (1,346)	\$ 343,742
	<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)		\$ 345,088	\$ (1,346)	\$ 343,742

Provider Name		Fiscal Period		Provider Number, NPI		Adjustments			
MOUNTAIN SHADOWS—OAK HOUSE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60744G, 1235254582		4			
Adj. No.	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted		
	Cost Report	Audit Report							
DHS 3076 Page or Exhibit	Line	Col.							
1	4.1 of 6	226	4	2	226.00	Quality Assurance Fees To adjust the provider's reported Quality Assurance Fee to agree with the provider's records. H&S Code Sections 1324 and 1324.4 42 CFR 413.5, 413.20, 413.24, 413.50, and 413.53 CMS Pub. 15-1, Sections 2102, 2202.4, 2206, 2300, 2302.6, and 2304	\$19,367	\$975	\$20,342
2	4 of 6	45	4	2	45.00	Depreciation and Amortization To eliminate provider's depreciation expense adjustment due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,062	(\$521)	\$3,541
3	4.1 of 6	230	4	2	230.00	Other General and Administrative To adjust reported home office costs to agree with the Mountain Shadows Home Office Audit Report for fiscal period ended December 31, 2008. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 2150.2, 2300, and 2304	\$87,496	(\$1,800)	\$85,696

Provider Name		Fiscal Period		Provider Number, NPI		Adjustments	
MOUNTAIN SHADOWS—OAK HOUSE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60744G, 1235254582		4	
Adj. No.	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Line	Col.	Sch			
	DHS 3076						
	Page or Exhibit	Line	Col.	Sch			
4	2 of 6	3	1	1	2,196	(8)	2,188
	2 of 6	3	2	1	0	8	8
<p style="text-align: center;"><b><u>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b></p> <p>To reconcile the provider's reported census days to the provider's census records.                      42 CFR 413.20, 413.24, and 413.50                      CMS Pub. 15-1, Sections 2205, 2300, and 2304</p>							