

**REPORT  
ON THE  
RATE SETTING AUDIT**

**CORNERSTONE HOUSE OF SANTA BARBARA  
CARPINTERIA, CALIFORNIA  
PROVIDER NUMBER: LTC60239F  
NATIONAL PROVIDER IDENTIFIER: 1093996829  
FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

**Audits Section - Gardena  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Cheryl Phillips  
Audit Supervisor: Ginn B. Sampson  
Auditor: Ernesto Galasinao**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

January 20, 2010

Maggie Wordell  
Executive Director  
Cornerstone House of Santa Barbara  
1451 Camino Trillado  
Carpinteria, CA 93013

PROVIDER: CORNERSTONE HOUSE OF SANTA BARBARA  
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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	\$	462,496	\$ 211.19
Net Audit Adjustment		<u>13,881</u>	<u>5.74</u>
Audited Cost/Cost Per Day	\$	<u>476,377</u>	\$ <u>216.93</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.

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.

Maggie Wordell  
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If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516- 4757.

Signed By:

Cheryl Phillips, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

cc: Mary Widiner, CPA  
Walpole & Co.  
70 Santa Felicia Drive  
Goleta, CA 93117

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

**Provider:**  
CORNERSTONE HOUSE OF SANTA BARBARA

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

**Provider Number:**  
LTC60239F

**Provider NPI:**  
1093996829

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 3)	2,190	2,196
2. Other Client Days (Adj )	0	0
3. Total Client Days	<u>2,190</u>	<u>2,196</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>462,496</u>	\$ <u>476,377</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>211.19</u>	\$ <u>216.93</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
1. Duplicate Payments (Adj )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
CORNERSTONE HOUSE OF SANTA BARBARA

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

Provider Number:  
LTC60239F

Provider NPI:  
1093996829

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		\$ 22,563	\$	\$ 22,563
050	Leases and Rentals		0		0
055	Real Property Taxes		655		655
060	Personal Property Taxes		0		0
065	Mortgage Interest		14,252		14,252
070	Property Insurance		968		968
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 38,438	\$ 0	\$ 38,438
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 20,413	\$ (272)	\$ 20,141
085	Utilities		11,312		11,312
090	Client Transportation		8,014		8,014
095	Dietary		9,140		9,140
100	Personal Care and Laundry		5,941		5,941
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 54,820	\$ (272)	\$ 54,548
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 93,258	\$ (272)	\$ 92,986
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 22,628	\$	\$ 22,628
120	QMRP Fringe Benefits		5,667		5,667
125	Lead Salaries		17,834		17,834
130	Lead Fringe Benefits		8,496		8,496
135	Aides Salaries		152,658		152,658
140	Aides Fringe Benefits		37,162		37,162
145	Other Salaries		22,758		22,758
150	Other Fringe Benefits		3,130		3,130
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 270,333	\$ 0	\$ 270,333

## 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
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 5,073	\$	\$ 5,073
165	Speech Pathology Consultant		333		333
170	Physical Therapy Consultant		1,602		1,602
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		0		0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant		0		0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,008	\$ 0	\$ 7,008
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 40,872	\$	\$ 40,872
225	Administrative Fringe Benefits		3,724		3,724
226	Quality Assurance Fees	2	20,380	14,153	34,533
230	Other Administrative and General		26,921		26,921
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 91,897	\$ 14,153	\$ 106,050
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 462,496	\$ 13,881	\$ 476,377
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 56,869	\$	\$ 56,869
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 519,365	\$ 13,881	\$ 533,246

Provider Name		Fiscal Period		Provider Number		Adjustments			
CORNERSTONE HOUSE OF SANTA BARBARA		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60239F		3			
Adj. No.	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted		
	Cost Report	Line	Col.	Sch				Line	
1	4.1	80	4	2	80	Home Operations and Maintenance To eliminate advertising expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	\$20,413	(\$272)	\$20,141
2	4.1	226	4	2	226	Quality Assurance Fees To include Quality Assurance Fees paid during the fiscal period under review. 42 CFR 413.20 and 413.24, CMS Pub. 15-1, Sections 2300 and 2304	\$20,380	\$14,153	\$34,533
<b>ADJUSTMENTS TO REPORTED COSTS</b>									

