REPORT ON THE
RATE SETTING AUDIT

ARLETA HOUSE
LYNWOOD, CALIFORNIA
PROVIDER NUMBER: LTC60708F
NATIONAL PROVIDER IDENTIFIER: 1831311901

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: Maria Delgado
Auditor: Minh Nguyen

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

DAVID MAXWELL - JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

January 6, 2010

Kim Marsh, Administrator
Arleta House
3284 Flower Street
Lynwood, Ca 90262

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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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	362,745	$	174.23
Net Audit Adjustment		12,588		(2.85)
Audited Cost/Cost Per Day	$	375,333	$	171.38

This audit report includes the:

1. Audit Report Schedules 1 through 2

2. Audit Adjustment 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.

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: Lavern Neal, COO
Lynwood Developmental Care Inc.
14925 Atlantic Avenue
East Rancho Dominguez, Ca 90221

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
ARLETA HOUSE

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

Provider Number:
LTC60708F

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 6)	2,082	2,190
2. Other Client Days (Adj)		0
3. Total Client Days	2,082	2,190
4. Total Client Care Expenses (From Sch. 2)	$ 362,745	$ 375,333
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 174.23	$ 171.38
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ARLETA HOUSE

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

Provider Number:
LTC60708F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		$	$	$ 0
050	Leases and Rentals		26,640		26,640
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 26,640	$ 0	$ 26,640
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 3,409	$	$ 3,409
085	Utilities		6,788		6,788
090	Client Transportation				0
095	Dietary		12,978		12,978
100	Personal Care and Laundry	4	4,028	(549)	3,479
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 27,203	$ (549)	$ 26,654
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 53,843	$ (549)	$ 53,294
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 13,975	$	$ 13,975
120	QMRP Fringe Benefits		2,022		2,022
125	Lead Salaries		18,000		18,000
130	Lead Fringe Benefits		2,605		2,605
135	Aides Salaries		113,768		113,768
140	Aides Fringe Benefits		16,464		16,464
145	Other Salaries		5,532		5,532
150	Other Fringe Benefits		829		829
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 173,195	$ 0	$ 173,195

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ARLETA HOUSE

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

Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 1,774	$	$ 1,774
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant		861		861
175	Occupational Therapy Consultant		913		913
180	Pharmacist Consultant		380		380
185	Nurse Consultant	1, 2	10,630	(1,065)	9,565
190	Psychologist Consultant		665		665
195	Physician Consultant		1,800		1,800
200	Recreational Consultant		610		610
205	Social Service Consultant				0
210	Other Consultant		458		458
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 18,991	$ (1,065)	$ 17,926
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 39,993	$	$ 39,993
225	Administrative Fringe Benefits		5,951		5,951
226	Quality Assurance Fees	5	0	17,178	17,178
230	Other Administrative and General	3	70,772	(2,976)	67,796
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 116,716	$ 14,202	$ 130,918
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 362,745	$ 12,588	$ 375,333
			(To Sch. 1)		(To Sch. 1)
	NON-CLIENT CARE EXPENSES				
240	Non-Program Services		$	$	$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		$ 362,745	$ 12,588	$ 375,333

Provider Name	Fiscal Period	Provider Number	Adjustments
ARLETA HOUSE	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	LTC60708F	6

Report References									
	Cost Report			Audit Report					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS			
1	4.1	185	4	2	185.00	Nurse Consultant To adjust nurse consultant expenses to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$10,630	($225)	$10,405 *
2	4.1	185	4	2	185.00	Nurse Consultant * To adjust nurse consultant expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$10,405	($840)	$9,565
3	4.1	230	4	2	230.00	Other General and Administrative To adjust DHCS licensing fees expense to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$70,772	($2,976)	$67,796
4	4	100	4	2	100.00	Personal Care and Laundry To eliminate legend drugs expenses that are separately billable. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	$4,028	($549)	$3,479
5	4.1	226	4	2	226.00	Quality Assurance Fees To adjust the quality assurance fees to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$0	$17,178	$17,178

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
ARLETA HOUSE	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	LTC60708F	6

Report References									
	Cost Report			Audit Report					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENT TO REPORTED PATIENT DAYS			
6	2	3	3	1	3.00	Medi-Cal Client Days To adjust total Medi-Cal client days to agree with the provider's patient census reports. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	2,082	108	2,190