REPORT
ON THE
RATE SETTING AUDIT

HIGHLAND HOUSE
HIGHLAND, CALIFORNIA
PROVIDER NUMBER: LTC60060G
NPI: 1346399227

FISCAL PERIOD ENDED
MARCH 31, 2009

Audits Section—Rancho Cucamonga
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Daniela Bita Mocanu

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

DAVID MAXWELL-JOLLY
Director

EDMUND G. BROWN JR.
Governor

January 3, 2011

Carol Tipton
Director of Administrative Services
Horrigan Enterprises, Inc.
7945 Cartilla Avenue, Suite A
Rancho Cucamonga, CA 91730

HIGHLAND HOUSE
PROVIDER NUMBER LTC60060G
NATIONAL PROVIDER IDENTIFIER (NPI) 1346399227
FISCAL PERIOD ENDED MARCH 31, 2009

We have examined the facility's 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	$	338,450	$	154.54
Net Audit Adjustment		(2,048)		(0.93)
Audited Cost/Cost Per Day	$	336,402	$	153.61

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
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(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

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
(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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
HIGHLAND HOUSE

Fiscal Period:
APRIL 1, 2008 THROUGH MARCH 31, 2009

Provider Number:
LTC60060G

Provider NPI:
1346399227

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	2,190	2,190
4. Total Client Care Expenses (From Sch. 2)	$ 338,450	$ 336,402
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 154.54	$ 153.61
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HIGHLAND HOUSE

Fiscal Period:
APRIL 1, 2008 THROUGH MARCH 31, 2009

Provider Number:
LTC60060G

NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		$ 904	$	$ 904
050	Leases and Rentals		17,771		17,771
055	Real Property Taxes				0
060	Personal Property Taxes		120		120
065	Mortgage Interest				0
070	Property Insurance	1	1,370	(748)	622
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 20,165	$ (748)	$ 19,417
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	$ 6,953	$ (450)	$ 6,503
085	Utilities	3	7,935	(16)	7,919
090	Client Transportation				0
095	Dietary		14,126		14,126
100	Personal Care and Laundry		3,441		3,441
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 32,455	$ (466)	$ 31,989
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 52,620	$ (1,214)	$ 51,406
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 14,160	$	$ 14,160
120	QMRP Fringe Benefits		3,088		3,088
125	Lead Salaries		54,676		54,676
130	Lead Fringe Benefits		11,925		11,925
135	Aides Salaries		84,243		84,243
140	Aides Fringe Benefits		18,373		18,373
145	Other Salaries		16,939		16,939
150	Other Fringe Benefits		4,578		4,578
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 207,982	$ 0	$ 207,982

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
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Fiscal Period:
APRIL 1, 2008 THROUGH MARCH 31, 2009

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 658	$	$ 658
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		618		618
175	Occupational Therapy Consultant		1,150		1,150
180	Pharmacist Consultant		799		799
185	Nurse Consultant				0
190	Psychologist Consultant	4	1,125	190	1,315
195	Physician Consultant		3,000		3,000
200	Recreational Consultant		280		280
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 7,630	$ 190	$ 7,820
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$	$	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		16,275		16,275
230	Other Administrative and General	1, 5-7	53,943	(1,024)	52,919
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 70,218	$ (1,024)	$ 69,194
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 338,450	$ (2,048)	$ 336,402
	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)		$ 338,450	$ (2,048)	$ 336,402

Provider Name	Fiscal Period	Provider Number	Adjustments
HIGHLAND HOUSE	APRIL 1, 2008 THROUGH MARCH 31, 2009	LTC60060G	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							RECLASSIFICATION OF REPORTED COSTS			
1	4	70	4	2	70	3	Property Insurance	$1,370	($748)	$622
	4.1	230	4	2	230	3	Other General and Administrativ	53,943	748	54,691 *
							To reclassify professional liability and other insurance expenses			
							the appropriate cost center			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
HIGHLAND HOUSE	APRIL 1, 2008 THROUGH MARCH 31, 2009	LTC60060G	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
2	4	80	4	2	80	3	Home Operations and Maintenance To eliminate home operations and maintenance expenses due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)	$6,953	($450)	$6,503
3	4	85	4	2	85	3	Utilities To eliminate utility late payment fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$7,935	($16)	$7,919
4	4.1	190	4	2	190	3	Psychologist Consultant To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$1,125	$190	$1,315
	4.1	230	4	2	230	3	Other General and Administrative *	$54,691		
5							To eliminate telephone late payment charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		($11)	
6							To adjust reported telephone expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(53)	
7							To adjust reported home office costs to agree with the Horrigan Enterprises, Inc., Home Office Audit Report for fiscal period ended March 31, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(1,708) ($1,772)	$52,919

*Balance carried forward from prior/to subsequent adjustments