

**REPORT
ON THE
RATE SETTING AUDIT**

**NORWOOD HOUSE
RANCHO CUCAMONGA, CALIFORNIA
PROVIDER NUMBER: LTC60305F
NPI: 1205985124**

**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 Bitá Mocanu**



DAVID MAXWELL-JOLLY
Director

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



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

NORWOOD HOUSE
PROVIDER NUMBER LTC60305F
NATIONAL PROVIDER IDENTIFIER (NPI) 1205985124
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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	304,126	\$ 138.93
Net Audit Adjustment		(2,145)	(0.98)
Audited Cost/Cost Per Day	\$	<u>301,981</u>	\$ <u>137.95</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
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.

Carol Tipton
Page 3

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:
NORWOOD HOUSE

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

Provider Number:
LTC60305F

Provider NPI:
1205985124

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,189	2,189
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,189</u>	<u>2,189</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>304,126</u>	\$ <u>301,981</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>138.93</u>	\$ <u>137.95</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

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:
NORWOOD HOUSE

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

Provider Number:
LTC60305F

NPI:
1205985124

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		\$ 5,329	\$	\$ 5,329
050	Leases and Rentals				0
055	Real Property Taxes		1,907		1,907
060	Personal Property Taxes		393		393
065	Mortgage Interest	2	9,000	(297)	8,703
070	Property Insurance	1	1,317	(761)	556
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 17,947	\$ (1,058)	\$ 16,889
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 5,419	\$	\$ 5,419
085	Utilities	3,4	6,313	(73)	6,240
090	Client Transportation				0
095	Dietary		13,901		13,901
100	Personal Care and Laundry		3,755		3,755
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 29,389	\$ (73)	\$ 29,316
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 47,335	\$ (1,131)	\$ 46,204
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,062	\$	\$ 16,062
120	QMRP Fringe Benefits		3,979		3,979
125	Lead Salaries		42,970		42,970
130	Lead Fringe Benefits		10,644		10,644
135	Aides Salaries		66,806		66,806
140	Aides Fringe Benefits		16,548		16,548
145	Other Salaries		18,435		18,435
150	Other Fringe Benefits		5,271		5,271
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 180,714	\$ 0	\$ 180,714

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NORWOOD HOUSE

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

Provider Number:
LTC60305F

NPI:
1205985124

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 588	\$	\$ 588
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,250		1,250
175	Occupational Therapy Consultant		1,175		1,175
180	Pharmacist Consultant		780		780
185	Nurse Consultant				0
190	Psychologist Consultant	5	768	50	818
195	Physician Consultant		3,000		3,000
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,560	\$ 50	\$ 7,610
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		16,213		16,213
230	Other Administrative and General	1,5,6	52,303	(1,064)	51,239
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,517	\$ (1,064)	\$ 67,453
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 304,126	\$ (2,145)	\$ 301,981
	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)		\$ 304,126	\$ (2,145)	\$ 301,981

Provider Name		Fiscal Period		Provider Number		Adjustments					
NORWOOD HOUSE		APRIL 1, 2008 THROUGH MARCH 31, 2009		LTC60305F		6					
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report								
1	4	70	4	2	70	3	Property Insurance		\$1,317	(\$761)	\$556
	4.1	230	4	2	230	3	Other General and Administrative		52,303	761	53,064 *
<p>RECLASSIFICATION OF REPORTED COSTS</p> <p>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</p>											

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments					
NORWOOD HOUSE		APRIL 1, 2008 THROUGH MARCH 31, 2009		LTC60305F		6					
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	Sch.	Audit Report	AS Reported	Increase (Decrease)	AS Adjusted
		Line	Col.	Sch.							
ADJUSTMENTS TO REPORTED COSTS											
2	4	65	4	2	65	3	Mortgage Interest	\$9,000	(\$297)	\$8,703	
To adjust reported mortgage interest expense to agree with the loan amortization schedules. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											
3							Utilities	\$6,313			
To eliminate utility late fee charges that are not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3											
4									(51)	(\$73)	\$6,240
To eliminate duplicate TV cable expenses to agree with the invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											
5	4.1	190	4	2	190	3	Psychologist Consultant	\$768	\$50	\$818	
	4.1	230	4	2	230	3	Other General and Administrative	53,064	(117)	52,947 *	
To reconcile 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											
6	4.1	230	4	2	230	3	Other General and Administrative	\$52,947	(\$1,708)	\$51,239	
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											

*Balance carried forward from prior/to subsequent adjustments