REPORT
ON THE
RATE SETTING AUDIT

BROWN HOUSE
PASADENA, CALIFORNIA
PROVIDER NUMBERS: LTC60552F / NPI 1831305564

FISCAL PERIOD ENDED
JUNE 30, 2009

Audits Section - Burbank
Financial Audits Branch
Audits and Investigations
California Department of Health Care Services

Section Chief: Daniel J. Giardinelli
Audit Supervisor: Celia Avina
Auditor: Lisa Ni

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

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

October 14, 2010

Vicky Castillo, CFO
Brown House
427 North Craig Street
Pasadena, CA 91107

PROVIDER: BROWN HOUSE
PROVIDER NOS. LTC60552F / NPI 1831305564
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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	$	325,937	$	165.96
Net Audit Adjustment		3,945		(0.44)
Audited Cost/Cost Per Day	$	329,882	$	165.52

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) 440-7745

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider: BROWN HOUSE

Fiscal Period: JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number: LTC60552F

Provider NPI: 1831305564

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 10)	1,964	1,993
2. Other Client Days (Adj)		0
3. Total Client Days	1,964	1,993
4. Total Client Care Expenses (From Sch. 2)	$ 325,937	$ 329,882
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 165.96	$ 165.52
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:
BROWN HOUSE

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number:
LTC60552F

NPI:
1831305564

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	5	$ 8,548	$ (560)	$ 7,988
050	Leases and Rentals				0
055	Real Property Taxes		386		386
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 8,934	$ (560)	$ 8,374
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 6,833	$	$ 6,833
085	Utilities	6	9,348	(50)	9,298
090	Client Transportation		1,573		1,573
095	Dietary		13,733		13,733
100	Personal Care and Laundry		3,973		3,973
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 35,460	$ (50)	$ 35,410
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 44,394	$ (610)	$ 43,784
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$	$	$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	1,2,4	149,916	(24,852)	125,064
140	Aides Fringe Benefits	2,3,4	6,570	40,009	46,579
145	Other Salaries				0
150	Other Fringe Benefits	3	12,747	(12,747)	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 169,233	$ 2,410	$ 171,643

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BROWN HOUSE

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 500	$	$ 500
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant		3,383		3,383
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		75		75
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 3,958	$ 0	$ 3,958
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries	1,2,4	$ 21,029	$ (1,195)	$ 19,834
225	Administrative Fringe Benefits	2,4	3,478	1,966	5,444
226	Quality Assurance Fees	7	20,524	2,362	22,886
230	Other Administrative and General	8	63,321	(988)	62,333
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 108,352	$ 2,145	$ 110,497
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 325,937	$ 3,945	$ 329,882
			(To Sch. 1)		(To Sch. 1)
	NON-CLIENT CARE EXPENSES				
240	Non-Program Services	9	$ 68,847	$ (68,669)	$ 178
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		$ 394,784	$ (64,724)	$ 330,060

Provider Name	Fiscal Period	Provider Number	Adjustments
BROWN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60552F	10

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	
							RECLASSIFICATIONS OF REPORTED COSTS					
1	4.1	135	4	2	135.00		Aides Salaries		$149,916	($500)	$149,416	*
	4.1	220	4	2	220.00		Administrative Salaries		21,029	500	21,529	*
							To reclassify salary expense to agree with the provider's labor distribution report.					
							42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304					
2	4.1	135	4	2	135.00		Aides Salaries	*	$149,416	($13,138)	$136,278	*
	4.1	220	4	2	220.00		Administrative Salaries	*	21,529	(98)	21,431	*
	4.1	140	4	2	140.00		Aides Fringe Benefits		6,570	13,138	19,708	*
	4.1	225	4	2	225.00		Administrative Fringe Benefits		3,478	98	3,576	*
							To reclassify fringe benefits expense to the appropriate cost center.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8					
3	4.1	150	4	2	150.00		Other Fringe Benefits		$12,747	($12,747)	$0	
	4.1	140	4	2	140.00		Aides Fringe Benefits	*	19,708	12,747	32,455	*
							To reclassify workers compensation expense to the appropriate cost center.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8					

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
BROWN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60552F	10

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				
4	4.1	135	4	2	135.00	Aides Salaries	*	$136,278	($11,214)	$125,064
	4.1	220	4	2	220.00	Administrative Salaries	*	21,431	(1,597)	19,834
	4.1	140	4	2	140.00	Aides Fringe Benefits	*	32,455	14,124	46,579
	4.1	225	4	2	225.00	Administrative Fringe Benefits	*	3,576	1,868	5,444
						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				
5	4	045	4	2	45.00	Depreciation and Amortization		$8,548	($560)	$7,988
						To adjust depreciation to agree with the provider's detailed depreciation schedules. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102 and 2304				
6	4	085	4	2	85.00	Utilities		$9,348	($50)	$9,298
						To eliminate late payment charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3				
7	4.1	226	4	2	226.00	Quality Assurance Fees		$20,524	$2,362	$22,886
						To adjust quality assurance fees to agree with the provider's quality assurance fees invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304				
8	4.1	230	4	2	230.00	Other Administrative and General		$63,321	($988)	$62,333
						To adjust facility license fees to agree with the provider's CDPH license fees invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304				
9	4.1	240	4	2	240.00	Nonprogram Services		$68,847	($68,669)	$178
						To eliminate bad debt expense that is not recognized under the Medi-Cal program. 42 CFR 413.89 and 413.178 / CMS Pub. 15-1, Section 300				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
BROWN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60552F	10

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 CLIENT DAYS			
10	2	3	1	1	1.00	Client Days To adjust total client days to agree with the provider's client monthly census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	1,964	29	1,993