

**REPORT
ON THE
RATE SETTING AUDIT**

**ENCINAS HOUSE
SAN DIMAS, CALIFORNIA
PROVIDER NUMBER: LTC60598F
NPI: 1205950714**

**FISCAL PERIOD ENDED
JUNE 30, 2009**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: May Liu**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

September 13, 2010

Celestine Green, President
Primary Reliance, Inc.
226 North Stephora Avenue
Covina, CA 91724

PROVIDER: ENCINAS HOUSE
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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	\$	348,036	\$ 190.50
Net Audit Adjustment		(3,286)	(1.80)
Audited Cost/Cost Per Day	\$	<u>344,750</u>	\$ <u>188.70</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$39, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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.

Celestine Green
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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

cc: Tamar Demirjian
HGI Financial
9240 Limonite Avenue
Riverside, CA 92509

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

Provider:
ENCINAS HOUSE

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

Provider Number:
LTC60598F

Provider NPI:
1205950714

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,827	1,827
2. Other Client Days (Adj)		0
3. Total Client Days	<u>1,827</u>	<u>1,827</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>348,036</u>	\$ <u>344,750</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>190.50</u>	\$ <u>188.70</u>

SHARE OF COST

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

1. Duplicate Payments (Adj)	\$ <u>0</u>	\$ <u>0</u>
2. Overpayments (Adj 8)	\$ <u>0</u>	\$ <u>(39)</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(39)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENCINAS HOUSE

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

Provider Number:
LTC60598F

Provider NPI:
1205950714

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 3,230	\$	\$ 3,230
050	Leases and Rentals		21,525		21,525
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)		\$ 24,755	\$ 0	\$ 24,755
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1,2,3	\$ 18,408	\$ (9,746)	\$ 8,662
085	Utilities	4	11,840	(119)	11,721
090	Client Transportation				0
095	Dietary	5,6	14,329	(1,250)	13,079
100	Personal Care and Laundry		406		406
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,983	\$ (11,115)	\$ 33,868
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 69,738	\$ (11,115)	\$ 58,623
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		23,421		23,421
130	Lead Fringe Benefits		4,262		4,262
135	Aides Salaries		111,740		111,740
140	Aides Fringe Benefits		21,547		21,547
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 160,970	\$ 0	\$ 160,970

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENCINAS HOUSE

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

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 110	\$	\$ 110
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,041		1,041
175	Occupational Therapy Consultant		630		630
180	Pharmacist Consultant		380		380
185	Nurse Consultant		8,109		8,109
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		889		889
205	Social Service Consultant				0
210	Other Consultant		16,500		16,500
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 27,659	\$ 0	\$ 27,659
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		19,063		19,063
230	Other Administrative and General	1,7	70,606	7,829	78,435
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 89,669	\$ 7,829	\$ 97,498
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 348,036	\$ (3,286)	\$ 344,750
	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)		\$ 348,036	\$ (3,286)	\$ 344,750

Provider Name		Fiscal Period		Provider Number		Adjustments		
ENCINAS HOUSE		JULY 1, 2008 THROUGH JUNE 30, 2009		LTC60598F		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch	Line			
1	4	80	4	2	80.00	\$18,408	(\$7,925)	\$10,483 *
	4.1	230	4	2	230.00	70,606	7,925	78,531 *
<p align="center"><u>RECLASSIFICATION OF REPORTED COSTS</u></p> <p>Home Operations and Maintenance</p> <p>Other General and Administrative</p> <p>To reclassify various administrative expenses to the appropriate cost center.</p> <p>42 CFR 413.20 and 413.24</p> <p>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		
ENCINAS HOUSE		JULY 1, 2008 THROUGH JUNE 30, 2009		LTC60598F		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.					
ADJUSTMENTS TO REPORTED COSTS								
2	4	80	4	2	80.00	Home Operations and Maintenance		\$10,483
3	4	85	4	2	85.00	Utilities		\$11,840
4	4	95	4	2	95.00	Dietary		\$14,329
5	4	80	4	2	80.00	Home Operations and Maintenance		\$10,483
6	4.1	230	4	2	230.00	Other General and Administrative		\$78,435
7	4	80	4	2	80.00	Home Operations and Maintenance		\$10,483
2						To eliminate personal items expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3 CCR, Title 22, Section 51510.2(d)		
3						To eliminate home operation 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)		
4						To eliminate utility expense 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)		
5						To eliminate costume expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3 CCR, Title 22, Section 51510.2(d)		
6						To eliminate dietary expense 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)		
7						To eliminate administrative expense 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)		

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments		
ENCINAS HOUSE		JULY 1, 2008 THROUGH JUNE 30, 2009		LTC60598F		8		
Adj. No.	Report References		Line	Col.	Sch	Line	As Reported	As Adjusted
	Cost Report	Audit Report						
8	DHS 3076 Page or Exhibit						\$0	\$39
			2.00					\$39
<p>Overpayments To recover Medi-Cal overpayments for incorrect bed hold days billing. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786, 51458.1, 51510.2(a)(2), and 51535.1(d)</p> <p style="text-align: center;"><u>ADJUSTMENT TO OTHER MATTERS</u></p>								