REPORT
ON THE
RATE SETTING AUDIT

MARLIN HOUSE
WEST HILLS, CALIFORNIA
PROVIDER NUMBERS: LTC60228F / NPI 1477604155

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: Gertrude Lake
Auditor: Lok Lui

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

November 5, 2010

Viji Krishnaswamy
Finance Manager
Valley Village
20830 Sherman Way
Winnetka, CA 91306

PROVIDER: MARLIN HOUSE
PROVIDER NOS. LTC60228F / NPI 1477604155
FISCAL PERIOD ENDED JUNE 30, 2009

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days and use of share of cost 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	$	336,719	$	153.75
Net Audit Adjustment		(27,569)		(12.59)
Audited Cost/Cost Per Day	$	309,150	$	141.16

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) 440-7700

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—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: MARLIN HOUSE

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

Provider Number: LTC60228F

Provider NPI: 1477604155

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)	$ 336,719	$ 309,150
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 153.75	$ 141.16
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 9)	$ 0	$ 3,063
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MARLIN HOUSE

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

Provider Number:
LTC60228F

NPI:
1477604155

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		$ 0	$	$ 0
050	Leases and Rentals	2	21,693	(21,693)	0
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		2,648		2,648
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 24,341	$ (21,693)	$ 2,648
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 2,157	$	$ 2,157
085	Utilities	1	1,914	1,100	3,014
090	Client Transportation		7,848		7,848
095	Dietary		23,295		23,295
100	Personal Care and Laundry	3	8,240	(2,690)	5,550
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 43,454	$ (1,590)	$ 41,864
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 67,795	$ (23,283)	$ 44,512
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	6	$ 13,524	$ 1,024	$ 14,548
120	QMRP Fringe Benefits		3,009		3,009
125	Lead Salaries		75,716		75,716
130	Lead Fringe Benefits		17,720		17,720
135	Aides Salaries	8	48,966	(2,352)	46,614
140	Aides Fringe Benefits		4,749		4,749
145	Other Salaries		11,906		11,906
150	Other Fringe Benefits		2,812		2,812
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 178,402	$ (1,328)	$ 177,074

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MARLIN HOUSE

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

Provider Number:
LTC60228F

NPI:
1477604155

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 652	$	$ 652
165	Speech Pathology Consultant	4	385	(315)	70
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant	5	2,535	(283)	2,252
180	Pharmacist Consultant		419		419
185	Nurse Consultant		0		0
190	Psychologist Consultant		2,843		2,843
195	Physician Consultant		1,076		1,076
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 7,910	$ (598)	$ 7,312
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		16,446		16,446
230	Other Administrative and General	7	66,166	(2,360)	63,806
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 82,612	$ (2,360)	$ 80,252
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 336,719	$ (27,569)	$ 309,150
			(To Sch. 1)		(To Sch. 1)
	NON-CLIENT CARE EXPENSES				
240	Non-Program Services		$ 952	$	$ 952
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		$ 337,671	$ (27,569)	$ 310,102

Provider Name	Fiscal Period	Provider Number	Adjustme
MARLIN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60228F	9

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			
1	4	85	4	2	85	3	Utilities To reconcile the reported expenses to agree with the provider's trial balance. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$1,914	$1,100	$3,014
2	4	50	4	2	50.00	3	Leases and Rentals To eliminate rental expenses to agree with the Housing and Urban Development contract and the Valley Village and Affiliates' Notes to Combined Financial Statements. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$21,693	($21,693)	$0
3	4	100	4	2	100.00	3	Personal Care and Laundry To eliminate noncovered charges expenses for proper cost determination. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$8,240	($2,690)	$5,550
4	4.1	165	4	2	165.00	3	Speech Pathology Consultant To eliminate prior period expenses. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$385	($315)	$70
5	4.1	175	4	2	175.00	3	Occupational Therapy Consultant To adjust occupational therapy expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$2,535	($283)	$2,252
6	4.1	115	4	2	115.00	3	QMRP Salaries To adjust salaries to agree with the payroll register. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304	$13,524	$1,024	$14,548
7	4.1	230	4	2	230.00	3	Other Administrative and General To adjust licensing fees expense based on applicable days to reflect the current fiscal period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	$66,166	($2,360)	$63,806

Provider Name	Fiscal Period	Provider Number	Adjustme
MARLIN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60228F	9

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			
8	4.1	135	4	2	135.00	3	Aides Salaries To abate revenue received from the Regional Center against the program aides salaries as these expenses were recovered by the facility. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Sections 2302.5 and 2328	$48,966	($2,352)	$46,614

Provider Name	Fiscal Period	Provider Number	Adjustme
MARLIN HOUSE	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC60228F	9

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
							ADJUSTMENT TO OTHER MATTERS			
9	Not Reported			1	1	2	Share of Cost To identify Medi-Cal overpayments because the share of cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 / CMS Pub. 15-1, Section 2409	$0	$3,063	$3,063