

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SCHMIDT HOUSE  
EL MONTE, CALIFORNIA  
PROVIDER NUMBERS: LTC60456F / NPI 1154466928**

**FISCAL PERIOD ENDED  
AUGUST 31, 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: Kit Chao**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

October 7, 2010

David Bernstein  
Executive Director  
Hope House for the Multiple Handicapped, Inc.  
4215 N. Peck Road  
El Monte, CA 91372

PROVIDER: SCHMIDT HOUSE  
PROVIDER NO. LTC60456F / NPI 1154466928  
FISCAL PERIOD ENDED AUGUST 31, 2009

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, 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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	444,995	\$ 203.19
Net Audit Adjustment		(602)	(0.27)
Audited Cost/Cost Per Day	\$	<u>444,393</u>	\$ <u>202.92</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
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.

David Bernstein  
Page 2

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:**  
Schmidt House

**Fiscal Period:**  
SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009

**Provider Number:**  
LTC60456F

**Provider NPI:**  
1154466928

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,190	2,190
2. Other Client Days (Adj )	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>444,995</u>	\$ <u>444,393</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>203.19</u>	\$ <u>202.92</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. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
Schmidt House

Fiscal Period:  
SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009

Provider Number:  
LTC60456F

NPI:  
1154466928

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 8,783	\$	\$ 8,783
050	Leases and Rentals				0
055	Real Property Taxes				0
060	Personal Property Taxes		388		388
065	Mortgage Interest		638		638
070	Property Insurance	2	2,243	(100)	2,143
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,052	\$ (100)	\$ 11,952
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 7,193	\$	\$ 7,193
085	Utilities		6,923		6,923
090	Client Transportation		5,995		5,995
095	Dietary		15,861		15,861
100	Personal Care and Laundry		4,237		4,237
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,209	\$ 0	\$ 40,209
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 52,261	\$ (100)	\$ 52,161
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 17,960	\$	\$ 17,960
120	QMRP Fringe Benefits	3	2,561	(1,396)	1,165
125	Lead Salaries		123,892		123,892
130	Lead Fringe Benefits	3	43,225	202	43,427
135	Aides Salaries		64,744		64,744
140	Aides Fringe Benefits	3	16,340	(190)	16,150
145	Other Salaries		13,010		13,010
150	Other Fringe Benefits	3	3,052	(6)	3,046
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 284,784	\$ (1,390)	\$ 283,394

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
Schmidt House

Fiscal Period:  
SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009

Provider Number:  
LTC60456F

NPI:  
1154466928

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,325	\$	\$ 1,325
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		75		75
175	Occupational Therapy Consultant		1,875		1,875
180	Pharmacist Consultant				0
185	Nurse Consultant		14,708		14,708
190	Psychologist Consultant		5,528		5,528
195	Physician Consultant		1,330		1,330
200	Recreational Consultant		1,091		1,091
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 25,932	\$ 0	\$ 25,932
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 45,226	\$	\$ 45,226
225	Administrative Fringe Benefits	3	7,610	1,388	8,998
226	Quality Assurance Fees		16,273		16,273
230	Other Administrative and General	1	12,909	(500)	12,409
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,018	\$ 888	\$ 82,906
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 444,995	\$ (602)	\$ 444,393
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 444,995	\$ (602)	\$ 444,393

Provider Name		Fiscal Period		Provider Number, NPI		Adjustments		
SCHMIDT HOUSE		SEPTEMBER 01, 2008 THROUGH AUGUST 31, 2009		LTC60456F, 1154466928		3		
Adj. No.	DHS3076 Page or Exhibit	Report References		Line	Sch	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4.1 of 6	230	4	2	230.00	\$12,909	(\$500)	\$12,409
Other Administrative and General To reconcile the reported expense to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
2	4 of 6	70	4	2	70.00	\$2,243	(\$100)	\$2,143
Property Insurance To reconcile the reported insurance expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								
3	4.1 of 6	120	4	2	120.00	\$2,561	(\$1,396)	\$1,165
	4.1 of 6	130	4	2	130.00	43,225	202	43,427
	4.1 of 6	140	4	2	140.00	16,340	(190)	16,150
	4.1 of 6	150	4	2	150.00	3,052	(6)	3,046
	4.1 of 6	225	4	2	225.00	7,610	1,388	8,998
QMRP Fringe Benefits Lead Fringe Benefits Aides Fringe Benefits Other Fringe Benefits Administrative Fringe Benefits To reconcile the reported fringe benefits expense to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304								