

**REPORT
ON THE
RATE SETTING AUDIT**

**LA FONDA
LA MIRADA, CALIFORNIA
PROVIDER NUMBER: LTC60793G
NATIONAL PROVIDER IDENTIFIER: 1578691861**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Lan Nguyen
Auditor: Favio Arrieta**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

Date: December 29, 2010

Cheryl Loflin-Wertz, President
Harbor Health Care, Inc.
16917 Clark Avenue
Bellflower, CA 90706

PROVIDER: LA FONDA
PROVIDER NO. LTC60793G
FISCAL PERIOD ENDED DECEMBER 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 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	\$	326,697	\$ 177.94
Net Audit Adjustment		<u>(50,535)</u>	<u>(27.52)</u>
Audited Cost/Cost Per Day	\$	<u>276,162</u>	\$ <u>150.42</u>

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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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

Provider:
LA FONDA

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60793G

Provider NPI:
1578691861

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,836	1,836
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>1,836</u>	<u>1,836</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>326,697</u>	\$ <u>276,162</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>177.94</u>	\$ <u>150.42</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:
LA FONDA

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60793G

NPI:
1578691861

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1, 2	\$ 12,838	\$ (7,901)	\$ 4,937
050	Leases and Rentals		0		0
055	Real Property Taxes		4,544		4,544
060	Personal Property Taxes		0		0
065	Mortgage Interest	3	24,204	(14,573)	9,631
070	Property Insurance		2,033		2,033
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 43,619	\$ (22,474)	\$ 21,145
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 5,103	\$	\$ 5,103
085	Utilities		4,897		4,897
090	Client Transportation		0		0
095	Dietary		11,942		11,942
100	Personal Care and Laundry		890		890
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 22,832	\$ 0	\$ 22,832
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 66,451	\$ (22,474)	\$ 43,977
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 11,842	\$	\$ 11,842
120	QMRP Fringe Benefits		2,221		2,221
125	Lead Salaries		26,508		26,508
130	Lead Fringe Benefits		4,185		4,185
135	Aides Salaries		94,438		94,438
140	Aides Fringe Benefits		14,910		14,910
145	Other Salaries		14,831		14,831
150	Other Fringe Benefits		2,342		2,342
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 171,277	\$ 0	\$ 171,277

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LA FONDA

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60793G

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,128	\$	\$ 1,128
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		1,220		1,220
175	Occupational Therapy Consultant		900		900
180	Pharmacist Consultant		360		360
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		890		890
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 4,498	\$ 0	\$ 4,498
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		0		0
230	Other General and Administrative	4	84,471	(28,061)	56,410
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 84,471	\$ (28,061)	\$ 56,410
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 326,697	\$ (50,535)	\$ 276,162
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 326,697	\$ (50,535)	\$ 276,162

Provider Name		Fiscal Period		Provider Number		Adjustments				
LA FONDA		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60793G		4				
Report References		Audit Report		As Reported		Increase (Decrease) As Adjusted				
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
ADJUSTMENTS TO REPORTED COSTS										
1	4	45	4	2	45	5	Depreciation and Amortization To eliminate depreciation expense for assets subject to DEFRA/ 42 CFR 413.134 / HCFA Pub. 15-1, Section 104.1c	\$12,838	(\$748)	\$12,090 *
2	4	45	4	2	45	5	Depreciation and Amortization To eliminate depreciation expense for assets subject to DEFRA. 42 CFR 413.134 / HCFA Pub. 15-1, Section 104.10	\$12,090	(\$7,153)	\$4,937
3	4	65	4	2	65	5	Mortgage Interest To adjust mortgage interest to be in accordance with DEFRA. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$24,204	(\$14,573)	\$9,631
4	4.1	230	4	2	230	5	Other General and Administrative To adjust reported home office costs to agree with the Harbor Health Care, Inc. Home Office Audit Report for fiscal period ended December 31, 2009. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	\$84,471	(\$28,061)	\$56,410

*Balance carried forward from prior/to subsequent adjustments