REPORT
ON THE
RATE SETTING AUDIT

MATHARU ASSISTED LIVING, INC. # 1
LAWNDALE, CALIFORNIA
PROVIDER NUMBER: LTC60685F
NATIONAL PROVIDER IDENTIFIER: 1831276302

FISCAL PERIOD ENDED
DECEMBER 31, 2009

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

Section Chief: Maria Delgado
Audit Supervisor: Cyrus C. Lam
Auditor: Sunita Parmar

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

September 3, 2010

Anita Matharu,
Assistant Administrator
Matharu Assisted Living, Inc. # 1
15227 Roselle Avenue
Lawndale, CA 90260

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We have examined the facility's 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	$	371,863	$	169.80
Net Audit Adjustment		(6,333)		(2.89)
Audited Cost/Cost Per Day	$	365,530	$	166.91

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—Gardena at (310) 516-4757.

Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider: MATHARU ASSISTED LIVING, INC. # 1

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

Provider Number: LTC60685F

Provider NPI: 1831276302

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
3. Total Client Days	2,190	2,190
4. Total Client Care Expenses (From Sch. 2)	$ 371,863	$ 365,530
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 169.80	$ 166.91
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MATHARU ASSISTED LIVING, INC. # 1

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

Provider Number:
LTC60685F

Provider NPI:
1831276302

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		$ 6,507	$ 0	$ 6,507
050	Leases and Rentals		0	0	0
055	Real Property Taxes	3	2,979	39	3,018
060	Personal Property Taxes		0	0	0
065	Mortgage Interest	4	8,357	(2,799)	5,558
070	Property Insurance		441	0	441
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 18,284	$ (2,760)	$ 15,524
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	$ 11,779	$ (112)	$ 11,667
085	Utilities	6	5,277	(166)	5,111
090	Client Transportation	7,8,9,10,11	8,083	(1,642)	6,441
095	Dietary		12,931	0	12,931
100	Personal Care and Laundry	12	8,372	(71)	8,301
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 46,442	$ (1,991)	$ 44,451
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 64,726	$ (4,751)	$ 59,975
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	14	$ 17,045	$ (60)	$ 16,985
120	QMRP Fringe Benefits		0	0	0
125	Lead Salaries	1	42,096	(704)	41,392
130	Lead Fringe Benefits	1,15	5,145	532	5,677
135	Aides Salaries	2	112,182	(2,630)	109,552
140	Aides Fringe Benefits	2,16	15,741	1,562	17,303
145	Other Salaries		0	0	0
150	Other Fringe Benefits		0	0	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 192,209	$ (1,300)	$ 190,909

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
MATHARU ASSISTED LIVING, INC. # 1

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

Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 325	$ 0	$ 325
165	Speech Pathology Consultant		1,590	0	1,590
170	Physical Therapy Consultant		2,640	0	2,640
175	Occupational Therapy Consultant		765	0	765
180	Pharmacist Consultant	13	480	(58)	422
185	Nurse Consultant		14,550	0	14,550
190	Psychologist Consultant		1,815	0	1,815
195	Physician Consultant		0	0	0
200	Recreational Consultant		220	0	220
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 22,385	$ (58)	$ 22,327
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 0	$ 0	$ 0
225	Administrative Fringe Benefits		0	0	0
226	Quality Assurance Fees		12,622	0	12,622
230	Other Administrative and General	17,18,19	79,921	(224)	79,697
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 92,543	$ (224)	$ 92,319
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 371,863	$ (6,333)	$ 365,530
			(To Sch. 1)		(To Sch. 1)
	NON-CLIENT CARE EXPENSES				
240	Non-Program Services		$	$	$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		$ 371,863	$ (6,333)	$ 365,530

Provider Name	Fiscal Period	Provider Number	Adjustments
MATHARU ASSISTED LIVING, INC. # 1	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	LTC60685F	19

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	125	4	2	125.00	Lead Salaries	$42,096	($704)	$41,392
	4.1	130	4	2	130.00	Lead Benefits	5,145	704	5,849 *
						To reclassify lead staff benefits to the appropriate cost center.			
						42 CFR 413.20 and 413.24			
						CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
2	4.1	135	4	2	135.00	Aides Salaries	$112,182	($2,630)	$109,552
	4.1	140	4	2	140.00	Aides Benefits	15,741	2,630	18,371 *
						To reclassify Aides staff benefits 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
MATHARU ASSISTED LIVING, INC. # 1	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	LTC60685F	19

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			
3	4	55	4	2	55.00	Real Property Taxes To reconcile the reported property taxes expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$2,979	$39	$3,018
4	4	65	4	2	65.00	Mortgage Interest To eliminate mortgage interest expense not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3	$8,357	($2,799)	$5,558
5	4	80	4	2	80.00	Home Operations and Maintenance To eliminate home operations and maintenance expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$11,779	($112)	$11,667
6	4	85	4	2	85.00	Utilities To reverse the provider's adjustment for utilities expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$5,277	($166)	$5,111
7	4	90	4	2	90.00	Client Transportation To eliminate gas expense not related to the facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$8,083	($934)	$7,149 *
8	4	90	4	2	90.00	Client Transportation * To eliminate late fees and interest expense not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3	$7,149	($140)	$7,009 *

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Report References									
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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			
9	4	90	4	2	90.00	Client Transportation *	$7,009	($436)	$6,573 *
						To eliminate gas expense due to lack of documentation.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
10	4	90	4	2	90.00	Client Transportation *	$6,573	($103)	$6,470 *
						To eliminate DMV fees due to insufficient documentation.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
11	4	90	4	2	90.00	Client Transportation *	$6,470	($29)	$6,441
						To reconcile the provider's reported auto insurance expense to the provider's records.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
12	4	100	4	2	100.00	Personal Care and Laundry	$8,372	($71)	$8,301
						To eliminate prescription drugs not included in the rate.			
						CCR Title 22, Sections 51003 and 51304			
13	4.1	180	4	2	180.00	Pharmacist Consultant	$480	($58)	$422
						To reconcile the provider's reported pharmacy consultant expense to the provider's records.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-,1 Sections 2300 and 2304			
14	4.1	115	4	2	115.00	QMRP Salaries	$17,045	($60)	$16,985
						To reconcile the provider's reported QMRP consultant expense to the provider's invoices.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-,1 Sections 2300 and 2304			

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						ADJUSTMENTS TO REPORTED COSTS			
15	4.1	130	4	2	130.00	Lead Benefits *	$5,849	($172)	$5,677
						To reconcile the provider's reported workers compensation for lead to the provider's records.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
16	4.1	140	4	2	140.00	Aides Benefits *	$18,371	($1,068)	$17,303
						To reconcile the provider's reported workers compensation for aides to the provider's records.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
17	4.1	230	4	2	230.00	Other General and Administrative	$79,921	($65)	$79,856 *
						To eliminate other and general administrative expense due to lack of documentation.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
18	4.1	230	4	2	230.00	Other General and Administrative *	$79,856	($87)	$79,769 *
						To eliminate California Association of Healthcare Facilities contributions not related to patient care.			
						42 CFR 413.9(c)(3) and 413.153 / CMS Pub. 15-1, Section 2139			
19	4.1	230	4	2	230.00	Other General and Administrative *	$79,769	($72)	$79,697
						To reconcile the provider's reported liability insurance expense to the provider's records.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			

*Balance carried forward from prior/to subsequent adjustments