

**REPORT
ON THE
RATE SETTING AUDIT**

**ARTEMIA HOUSE
MISSION VIEJO, CALIFORNIA
PROVIDER NUMBER: LTC 80202F**

**FISCAL PERIOD ENDED
DECEMBER 31, 2007**

**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: Lang Doan**



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



ARNOLD SCHWARZENEGGER
Governor

November 17, 2008

Eleanor Del Rosario, Owner
LRC Homes, Inc.
24821 Argus Dr.
Mission Viejo, CA 92691

PROVIDER: ARTEMIA HOUSE
PROVIDER NO. LTC 80202F
FISCAL PERIOD ENDED DECEMBER 31, 2007

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	\$	343,163	\$ 160.28
Net Audit Adjustment		<u>(40,665)</u>	<u>(20.04)</u>
Audited Cost/Cost Per Day	\$	<u>302,498</u>	\$ <u>140.24</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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.

Eleanor Del Rosario, Owner
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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:
ARTEMIA HOUSE

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC80202F

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 8)	2,141	2,157
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,141</u>	<u>2,157</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>343,163</u>	\$ <u>302,498</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>160.28</u>	\$ <u>140.24</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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:
ARTEMIA HOUSE

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC80202F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 10,825	\$ (1,792)	\$ 9,033
050	Leases and Rentals	2	39,000	(39,000)	0
055	Real Property Taxes				0
060	Personal Property Taxes	2		4,192	4,192
065	Mortgage Interest	2		18,383	18,383
070	Property Insurance	6,7	5,834	(2,242)	3,592
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 55,659	\$ (20,459)	\$ 35,200
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3,4	\$ 10,977	\$ (698)	\$ 10,279
085	Utilities		14,381		14,381
090	Client Transportation	5	4,043	(295)	3,748
095	Dietary				0
100	Personal Care and Laundry		4,787		4,787
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 34,188	\$ (993)	\$ 33,195
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 89,847	\$ (21,452)	\$ 68,395
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,488		\$ 10,488
120	QMRP Fringe Benefits				0
125	Lead Salaries		32,313		32,313
130	Lead Fringe Benefits				0
135	Aides Salaries		85,403		85,403
140	Aides Fringe Benefits		3,043		3,043
145	Other Salaries	7	46,749	(12,400)	34,349
150	Other Fringe Benefits		575		575
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 178,571	\$ (12,400)	\$ 166,171

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ARTEMIA HOUSE

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC80202F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,525	\$	\$ 1,525
165	Speech Pathology Consultant		895		895
170	Physical Therapy Consultant		961		961
175	Occupational Therapy Consultant		866		866
180	Pharmacist Consultant		500		500
185	Nurse Consultant		10,450		10,450
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		878		878
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,075	\$ 0	\$ 16,075
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 25,853	\$	\$ 25,853
225	Administrative Fringe Benefits		2,799		2,799
226	Quality Assurance Fees				0
230	Other Administrative and General	7	30,018	(6,813)	23,205
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 58,670	\$ (6,813)	\$ 51,857
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 343,163	\$ (40,665)	\$ 302,498
	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)		\$ 343,163	\$ (40,665)	\$ 302,498

SUMMARY OF AUDITED LABOR REPORT

Provider:
ARTEMIA HOUSE

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC80202F

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj)	
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 0	\$ 10,488	262	\$ 40.03
2	Lead	0	32,313	3,590	9.00
3	Aides	3,043	85,403	11,793	7.24
4	Other	575	34,349	3,155	10.89
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 3,618	\$ 162,553	18,800	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 1,525	31	\$ 50.00
7	Speech Pathology		895	16	55.00
8	Physical Therapy		961	16	62.00
9	Occupational Therapy		866	17	50.00
10	Pharmacist		500	11	45.00
11	Nurse		10,450	261	40.00
12	Psychologist				0.00
13	Physician				0.00
14	Recreational		878	20	45.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 16,075	371	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$ 2,799	\$ 25,853	1,791	\$ 16.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 6,417	\$ 204,481	20,962	

Provider Name		Fiscal Period				Provider Number		Adjustments	
ARTEMIA HOUSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007				LTC 80202F		8	
Adj. No.	DHS 3076 Page or Exhibit	Report References		AUDIT REPORT		As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Sch	Line				
Explanation of Audit Adjustments									
<u>ADJUSTMENTS TO REPORTED COSTS</u>									
1	4	45	4	2	45.00	\$10,825	(\$1,792)	\$9,033	
Depreciation and Amortization To adjust depreciation expense due to reported fully depreciated, obsolete, duplicate assets and lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 104, 2300 and 2304									
2	4	50	4	2	50.00	\$39,000	(\$39,000)	\$0	
4	4	60	4	2	60.00	0	4,192	4,192	
4	4	65	4	2	65.00	0	18,383	18,383	
Leases and Rentals Personal Property Taxes Mortgage Interest To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Section 1011.5									
3	4	80	4	2	80.00	\$10,977	(\$658)	\$10,319 *	
Home Operations and Maintenance To eliminate expenses pertaining to other facilities. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304									
4	4	80	4	2	80.00	\$10,319	(\$40)	\$10,279	
Home Operations and Maintenance To eliminate nonpatient care related gasoline expense. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102 and 2104.3									
5	4	90	4	2	90.00	\$4,043	(\$295)	\$3,748	
Client Transportation To eliminate gasoline expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304									
6	4	70	4	2	70.00	\$5,834	(\$2,021)	\$3,813 *	
Property Insurance To eliminate property insurance due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304									
7	4	70	4	2	70.00	\$3,813	(\$221)	\$3,592	
4	4	145	4	2	145.00	46,749	(12,400)	34,349	
4	4	230	4	2	230.00	30,018	(6,813)	23,205	
Other Salaries Other General and Administrative To adjust reported home office costs to agree with the LRC Homes, Inc. Home Office Audit Report for fiscal period ended December 31, 2007. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304									
*Balance carried forward from prior/to subsequent adjustments									

Provider Name		Fiscal Period		Provider Number		Adjustments			
ARTEMIA HOUSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC 80202F		8			
Adj. No.	Report References		Line	Col.	Sch	Line	As Reported	Increase (Decrease)	As Adjusted
	COST REPORT	AUDIT REPORT							
8	2	3	3	1	3.00	Client Days	2,141	16	2,157
<p>To adjust patient days to include bed hold days. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2205.4 and 2304 CCR, Title 22, Sections 51535(a) and 51535(b)</p>									
<p>ADJUSTMENT TO REPORTED PATIENT DAYS</p>									