

**REPORT
ON THE
RATE SETTING AUDIT**

**GRANADA
BELLFLOWER, CALIFORNIA
PROVIDER NUMBER: LTC 80011I**

**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: Ted Ha**



SANDRA SHEWRY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 15, 2008

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

PROVIDER: GRANADA
PROVIDER NO.: LTC 800111
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, 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	\$	415,448	\$ 209.72
Net Audit Adjustment		<u>(6,160)</u>	<u>(4.36)</u>
Audited Cost/Cost Per Day	\$	<u>409,282</u>	\$ <u>205.36</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.

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:
GRANADA

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

Provider Number:
LTC800111

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 2)	1,981	1,993
2. Other Client Days (Adj)		0
3. Total Client Days	<u>1,981</u>	<u>1,993</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>415,448</u>	\$ <u>409,288</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>209.72</u>	\$ <u>205.36</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:
GRANADA

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

Provider Number:
LTC800111

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 480	\$	\$ 480
050	Leases and Rentals		30,000		30,000
055	Real Property Taxes		2,184		2,184
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		125		125
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 32,789	\$ 0	\$ 32,789
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 12,847	\$	\$ 12,847
085	Utilities		5,253		5,253
090	Client Transportation				0
095	Dietary		8,218		8,218
100	Personal Care and Laundry		445		445
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,763	\$ 0	\$ 26,763
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 59,552	\$ 0	\$ 59,552
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 13,072	\$	\$ 13,072
120	QMRP Fringe Benefits		1,292		1,292
125	Lead Salaries		28,182		28,182
130	Lead Fringe Benefits		2,785		2,785
135	Aides Salaries		97,730		97,730
140	Aides Fringe Benefits		9,656		9,656
145	Other Salaries		79,930		79,930
150	Other Fringe Benefits		7,897		7,897
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 240,544	\$ 0	\$ 240,544

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GRANADA

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

Provider Number:
LTC800111

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,105	\$	\$ 1,105
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,400		1,400
175	Occupational Therapy Consultant		910		910
180	Pharmacist Consultant		480		480
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		1,150		1,150
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 5,045	\$ 0	\$ 5,045
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		36,153		36,153
230	Other Administrative and General	1	74,154	(6,160)	67,994
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 110,307	\$ (6,160)	\$ 104,147
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 415,448	\$ (6,160)	\$ 409,288
	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)		\$ 415,448	\$ (6,160)	\$ 409,288

SUMMARY OF AUDITED LABOR REPORT

Provider:
GRANADA

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

Provider Number:
LTC80011I

Line No.	Description	AS AUDITED			Average Hourly Wage (Col 2 / Col 3)
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj 3)	
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,292	\$ 13,072		\$ 0.00
2	Lead	2,785	28,182		0.00
3	Aides	9,656	97,730		0.00
4	Other	7,897	79,930		0.00
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 21,630	\$ 218,914	0	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 1,105	24	\$ 47.00
7	Speech Pathology				0.00
8	Physical Therapy		1,400	35	40.00
9	Occupational Therapy		910	23	40.00
10	Pharmacist		480	4	120.00
11	Nurse				0.00
12	Psychologist				0.00
13	Physician				0.00
14	Recreational		1,150	29	40.00
15	Social Service				0.00
16	Other				0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 5,045	114	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 21,630	\$ 223,959	114	

Provider Name		Fiscal Period		Provider Number		Adjustments		
GRANADA		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC80011I		3		
Adj. No.	MC530 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
1	4.1	230	4	2	230.00	\$74,154	(\$6,160)	\$67,994
<p>ADJUSTMENT TO REPORTED COSTS</p> <p>Other Administrative and General To adjust reported home office costs to agree with the Harbor Health Care, 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</p>								

Provider Name		Fiscal Period		Provider Number		Adjustments		
GRANADA		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC80011		3		
Adj. No.	MC530 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
2	2	3	3	1	3.00	1,981	12	1,993
<p style="text-align: center;">ADJUSTMENT TO REPORTED PATIENT DAYS</p> <p>Total Client Days To adjust total patient days to agree with the provider's patient census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304</p>								

Provider Name		Fiscal Period		Provider Number		Adjustments				
GRANADA		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC80011I		3				
Adj. No.	MC530 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
3	6	10	3	3	10.00	Pharmacist Consultant (Hours)	16	(12)	4	
<p>To adjust consultant hours to agree with the provider's records. 42 CFR 413.20 / CMS Pub. 15-1, Section 2304</p> <p style="text-align: center;"><u>ADJUSTMENT TO THE LABOR REPORT</u></p>										