

**REPORT  
ON THE  
RATE SETTING AUDIT**

**ROSE  
BELLFLOWER, CALIFORNIA  
PROVIDER NUMBER: LTC 60328I**

**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: Andre Shammass**



SANDRA SHEWRY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

December 30, 2008

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

PROVIDER: ROSE  
PROVIDER NO.: LTC 60328I  
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	\$	405,166	\$ 185.01
Net Audit Adjustment		<u>(21,563)</u>	<u>(9.85)</u>
Audited Cost/Cost Per Day	\$	<u>383,603</u>	\$ <u>175.16</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:**

ROSE

**Fiscal Period:**

JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

**Provider Number:**

LTC60328I

**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
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>405,166</u>	\$ <u>383,603</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>185.01</u>	\$ <u>175.16</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:  
ROSE

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

Provider Number:  
LTC60328I

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		\$ 649	\$	\$ 649
050	Leases and Rentals		27,500		27,500
055	Real Property Taxes		2,531		2,531
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		125		125
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 30,805	\$ 0	\$ 30,805
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 13,049	\$ (657)	\$ 12,392
085	Utilities		7,350		7,350
090	Client Transportation		0		0
095	Dietary		18,622		18,622
100	Personal Care and Laundry		860		860
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 39,881	\$ (657)	\$ 39,224
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,686	\$ (657)	\$ 70,029
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,884	\$	\$ 13,884
120	QMRP Fringe Benefits		1,766		1,766
125	Lead Salaries		28,280		28,280
130	Lead Fringe Benefits		3,596		3,596
135	Aides Salaries		91,832		91,832
140	Aides Fringe Benefits		11,677		11,677
145	Other Salaries		48,948		48,948
150	Other Fringe Benefits		6,224		6,224
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 206,207	\$ 0	\$ 206,207

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ROSE

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

Provider Number:  
LTC60328I

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,257	\$	\$ 1,257
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		1,540		1,540
175	Occupational Therapy Consultant		1,020		1,020
180	Pharmacist Consultant		480		480
185	Nurse Consultant	2	11,521	(744)	10,777
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		1,200		1,200
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 17,018	\$ (744)	\$ 16,274
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees	3	38,936	(14,075)	24,861
230	Other Administrative and General	4	72,319	(6,087)	66,232
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 111,255	\$ (20,162)	\$ 91,093
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 405,166	\$ (21,563)	\$ 383,603
	<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)		\$ 405,166	\$ (21,563)	\$ 383,603

## SUMMARY OF AUDITED LABOR REPORT

Provider:

ROSE

Fiscal Period:

JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:

LTC60328I

Line No.	Description	AS AUDITED			
		(1) Benefits	(2) Salaries	(3) Total Hours (Adj 5)	Average Hourly Wage (Col 2 / Col 3)
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,766	\$ 13,884	482	\$ 28.80
2	Lead	3,596	28,280	2,208	12.81
3	Aides	11,677	91,832	9,951	9.23
4	Other	6,224	48,948	2,432	20.13
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 23,263	\$ 182,944	15,073	
	<b>CONSULTANT STAFF</b>				
6	Dietician	\$	\$ 1,257	27	\$ 47.00
7	Speech Pathology		0	0	0.00
8	Physical Therapy		1,540	39	40.00
9	Occupational Therapy		1,020	26	40.00
10	Pharmacist		480	16	30.00
11	Nurse		10,777	431	25.00
12	Psychologist		0	0	0.00
13	Physician		0	0	0.00
14	Recreational		1,200	30	40.00
15	Social Service		0	0	0.00
16	Other		0	0	0.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 16,274	568	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 23,263	\$ 199,218	15,641	

Provider Name		Fiscal Period		Provider Number		Adjustments				
ROSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC603281		5				
Adj. No.	MC530 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	80	4	2	2	80.00	Home Operations and Maintenance To eliminate costs that pertain to another facility. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1	\$13,049	(\$657)	\$12,392
2	4.1	185	4	2	2	185.00	Nurse Consultant To eliminate consultant cost that pertain to another facility. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1	\$11,521	(\$744)	\$10,777
3	4.1	226	4	2	2	226.00	Quality Assurance Fees To eliminate prior year quality assurance fees. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1	\$38,936	(\$14,075)	\$24,861
4	4.1	230	4	2	2	230.00	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	\$72,319	(\$6,087)	\$66,232

Provider Name		Fiscal Period		Provider Number		Adjustments				
ROSE		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60328I		5				
Adj. No.	MC530 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
5	6	11	3	3	11.00			461	(30)	431
<p>Nurse Consultant (Total Hours)</p> <p>To eliminate consultant hours in conjunction with adjustment number 2. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1</p> <p style="text-align: center;"><u>ADJUSTMENT TO THE LABOR REPORT</u></p>										