REPORT
ON THE
RATE SETTING AUDIT

LAVANG CARE HOMES - SAGINAW HOUSE
FRESNO, CALIFORNIA
PROVIDER NUMBER: LTC80081F
NPI NUMBER: 1275702334

FISCAL PERIOD ENDED
DECEMBER 31, 2008

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

Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Pasia Moua

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

January 27, 2010

Hoan Nguyen, Administrator
LaVang Care Homes, Inc.
55 Shaw Ave. Suite 122
Clovis, CA 93612

PROVIDER: LAVANG CARE HOMES – SAGINAW HOUSE
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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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	394,103	$	218.70
Net Audit Adjustment		(150,348)		(92.01)
Audited Cost/Cost Per Day	$	243,755	$	126.69

This audit report includes the:

1. Audit Report Schedules 1 and 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.

Financial Audits Branch / Audits Section – Fresno
1782 East Bullard Avenue, Suite 101, Fresno, CA 93710-5856
Telephone : (559) 446-2458 / Fax : (559) 446-2477
Internet Address: www.dhcs.ca.gov

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—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
LAVANG CARE HOMES - SAGINAW HOUSE

Fiscal Period:
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:
LTC80081F

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 9)	1,802	1,924
2. Other Client Days (Adj)		0
3. Total Client Days	1,802	1,924
4. Total Client Care Expenses (From Sch. 2)	$ 394,103	$ 243,755
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 218.70	$ 126.69
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:
LAVANG CARE HOMES - SAGINAW HOUSE

Fiscal Period:
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:
LTC80081F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	7	$ 42,507	$ (42,190)	$ 317
050	Leases and Rentals	2	22,589	(314)	22,275
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 65,096	$ (42,504)	$ 22,592
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1,6	$ 25,156	$ (18,173)	$ 6,983
085	Utilities	3	15,226	(9,688)	5,538
090	Client Transportation	1	6,337	(6,337)	0
095	Dietary	1	21,264	(12,745)	8,519
100	Personal Care and Laundry	1	2,745	245	2,990
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 70,728	$ (46,698)	$ 24,030
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 135,824	$ (89,202)	$ 46,622
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	8	$ 16,000	$ (7,190)	$ 8,810
120	QMRP Fringe Benefits	1	0	462	462
125	Lead Salaries	4	5,448	35,306	40,754
130	Lead Fringe Benefits	1	0	157	157
135	Aides Salaries				0
140	Aides Fringe Benefits				0
145	Other Salaries	4	179,144	(68,285)	110,859
150	Other Fringe Benefits	1	0	5,176	5,176
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 200,592	$ (34,374)	$ 166,218

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LAVANG CARE HOMES - SAGINAW HOUSE

Fiscal Period:
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Provider Number:
LTC80081F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	5	$ 1,519	$ (111)	$ 1,408
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant	1	16,000	(2,070)	13,930
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,605		1,605
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 19,124	$ (2,181)	$ 16,943
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries	1	$ 15,667	$ (15,667)	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	1	22,896	(9,174)	13,722
230	Other Administrative and General	1	0	250	250
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 38,563	$ (24,591)	$ 13,972
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 394,103	$ (150,348)	$ 243,755
	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)		$ 394,103	$ (150,348)	$ 243,755

Provider Name	Fiscal Period	Provider Number	Adjustments
LAVANG CARE HOMES - SAGINAW HOUSE	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	LTC80081F	9

Adj. No.	Cost Report DHS3076 Page or Exhibit	Cost Report Line	Cost Report Col.	Audit Report Sch	Audit Report Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS			
1	4	80	4	2	80.00	Home Operations and Maintenance	$25,156	($16,893)	$8,263 *
	4	90	4	2	90.00	Client Transportation	6,337	(6,337)	0
	4	95	4	2	95.00	Dietary	21,264	(12,745)	8,519
	4	100	4	2	100.00	Personal Care and Laundry	2,745	245	2,990
	4.1	120	4	2	120.00	QMRP Fringe Benefits	0	462	462
	4.1	130	4	2	130.00	Lead Benefits	0	157	157
	4.1	150	4	2	150.00	Other Benefits	0	5,176	5,176
	4.1	185	4	2	185.00	Nurse Consultant	16,000	(2,070)	13,930
	4.1	220	4	2	220.00	Administrative Salaries	15,667	(15,667)	0
	4.1	226	4	2	226.00	Quality Assurance Fees	22,896	(9,174)	13,722
	4.1	230	4	2	230.00	Other General and Administrative	0	250	250
						To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
2	4	50	4	2	50.00	Leases and Rentals	$22,589	($314)	$22,275
						To adjust the reported rental expense to agree with the provider's records and provider's rental schedule. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
3	4	85	4	2	85.00	Utilities	$15,226	($9,688)	$5,538
						To adjust the utility expense to agree with the utility bill statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
LAVANG CARE HOMES - SAGINAW HOUSE	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	LTC80081F	9

Adj. No.	Cost Report DHS3076 Page or Exhibit	Cost Report Line	Cost Report Col.	Audit Report Sch	Audit Report Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS				
4	4.1	125	4	2	125.00	Lead Salaries		$5,448	$35,306	$40,754
	4.1	145	4	2	145.00	Other Salaries		179,144	(68,285)	110,859
						To adjust salaries to agree with the payroll register. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Section 2304				
5	4.1	160	4	2	160.00	Dietitian Consultant		$1,519	($111)	$1,408
						To adjust consultant dollar amount to agree with the provider's invoices. 42 CFR 413.20 CMS Pub. 15-1, Section 2304				
6	4	80	4	2	80.00	Home Operations and Maintenance	*	$8,263	($1,280)	$6,983
						To eliminate home operation and maintenance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
7	4	45	4	2	45.00	Depreciation and Amortization		$42,507	($42,190)	$317
						To adjust depreciation to agree with the provider's detailed depreciation schedule. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102 and 2304				
8	4.1	115	4	2	115.00	QMRP Salaries		$16,000	($7,190)	$8,810
						To eliminate QMRP salary due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
LAVANG CARE HOMES - SAGINAW HOUSE	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	LTC80081F	9

Adj. No.	Cost Report DHS3076 Page or Exhibit	Cost Report Line	Cost Report Col.	Audit Report Sch	Audit Report Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENT TO REPORTED CLIENT DAYS			
9	2	3	1	1	1.00	Medi-Cal Client Days To adjust total client 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	1,802	122	1,924