

**REPORT  
ON THE  
RATE SETTING AUDIT**

**REINDEER HOUSE  
MORENO VALLEY, CALIFORNIA  
PROVIDER NUMBER: LTC60669F**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2008**

**Audits Section – Santa Ana  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Margaret A. Varho  
Audit Supervisor: Henry Igboke  
Auditor: David Ellis**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

November 10, 2009

Sarah Saucedo  
Financial Manager  
Developmental Client Care Industries, Inc.  
11751 Davis Street, Suite 101  
Moreno Valley, CA 92557

PROVIDER: REINDEER HOUSE  
PROVIDER NO. LTC60669F  
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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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	345,693	\$ 166.76
Net Audit Adjustment		<u>(1,534)</u>	<u>(.74)</u>
Audited Cost/Cost Per Day	\$	<u>344,159</u>	\$ <u>166.02</u>

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.

Sarah Saucedo  
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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:**  
REINDEER HOUSE

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

**Provider Number:**  
LTC60669F

**Provider NPI:**  
1689723439

**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 )	2,073	2,073
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,073</u>	<u>2,073</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>345,693</u>	\$ <u>344,159</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.76</u>	\$ <u>166.02</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REINDEER HOUSE

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

Provider Number:  
LTC60669F

Provider NPI:  
1689723439

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		\$	\$	\$ 0
050	Leases and Rentals				0
055	Real Property Taxes		1,561		1,561
060	Personal Property Taxes				0
065	Mortgage Interest		15,142		15,142
070	Property Insurance		444		444
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 17,147	\$ 0	\$ 17,147
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 11,668	\$	\$ 11,668
085	Utilities		8,513		8,513
090	Client Transportation	2	6,161	(75)	6,086
095	Dietary		13,536		13,536
100	Personal Care and Laundry		4,487		4,487
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,365	\$ (75)	\$ 44,290
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 61,512	\$ (75)	\$ 61,437
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	1	\$ 15,498	\$ (144)	\$ 15,354
120	QMRP Fringe Benefits	1	2,759	(25)	2,734
125	Lead Salaries		43,133		43,133
130	Lead Fringe Benefits		12,369		12,369
135	Aides Salaries		85,186		85,186
140	Aides Fringe Benefits		18,754		18,754
145	Other Salaries	1	15,257	(200)	15,057
150	Other Fringe Benefits	1	2,751	(63)	2,688
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 195,707	\$ (432)	\$ 195,275

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REINDEER HOUSE

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

Provider Number:  
LTC60669F

Provider NPI:  
1689723439

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant	3	\$ 1,268	\$ (20)	\$ 1,248
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,331		1,331
175	Occupational Therapy Consultant		1,155		1,155
180	Pharmacist Consultant		200		200
185	Nurse Consultant				0
190	Psychologist Consultant		2,401		2,401
195	Physician Consultant		267		267
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,622	\$ (20)	\$ 6,602
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 21,345		\$ 21,345
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		19,675		19,675
230	Other Administrative and General	1, 4	40,832	(1,007)	39,825
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 81,852	\$ (1,007)	\$ 80,845
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 345,693	\$ (1,534)	\$ 344,159
	<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)		\$ 345,693	\$ (1,534)	\$ 344,159

Provider Name		Fiscal Period		Provider Number		Adjustments				
REINDEER HOUSE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60669F		4				
Adj. No.	DHS 3076 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	4.1	115	4	2	115.00	QMRP Salaries		\$15,498	(\$144)	\$15,354
	4.1	120	4	2	120.00	QMRP Fringe Benefits		2,759	(25)	2,734
	4.1	145	4	2	145.00	Other Salaries		15,257	(200)	15,057
	4.1	150	4	2	150.00	Other Benefits		2,751	(63)	2,688
	4.1	230	4	2	230.00	Other General and Administrative		40,832	(48)	40,784 *
To adjust salaries and fringe benefits expense to reflect the proper allocation of costs between cost centers. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2102.1, 2302.4, 2302.8, and 2304										
2	4	90	4	2	90.00	Client Transportation		\$6,161	(\$75)	\$6,086
To eliminate prior year's client transportation expenses. 42 CFR 413.5, 413.20, 413.24, and 460.24 CMS Pub. 15-1, Sections 1005 and 1011.5										
3	4.1	160	4	2	160.00	Dietician Consultant		\$1,268	(\$20)	\$1,248
To reflect the proper accrual of dietician consultant expense applicable to the audit period. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1										
4	4.1	230	4	2	230.00	Other General and Administrative		\$40,784	(\$959)	\$39,825
To adjust DHS license fee expense to agree with the provider's paid invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300, 2302.5, and 2304										

\*Balance carried forward from prior/to subsequent adjustments