# REPORT
# ON THE
# RATE SETTING AUDIT

**OASIS HOUSE**
**LA VERNE, CALIFORNIA**
**PROVIDER NUMBER: LTC80374F**
**NPI: 1366591281**

**FISCAL PERIOD ENDED**
**MARCH 31, 2009**

**Audits Section—Rancho Cucamonga**
**Financial Audits Branch**
**Audits and Investigations**
**Department of Health Care Services**

**Section Chief: Julio M. Cueto**
**Audit Supervisor: Lucia Martinez**
**Auditor: Daniela Bita Mocanu**

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

DAVID MAXWELL-JOLLY
*Director*

EDMUND G. BROWN JR.
*Governor*

January 3, 2011

Carol Tipton
Director of Administrative Services
Horrigan Enterprises, Inc.
7945 Cartilla Avenue, Suite A
Rancho Cucamonga, CA 91730

OASIS HOUSE
PROVIDER NUMBER LTC80374F
NATIONAL PROVIDER IDENTIFIER (NPI) 1366591281
FISCAL PERIOD ENDED MARCH 31, 2009

We have examined the facility's 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 | $ | 374,181 | $ | 177.00 |
| Net Audit Adjustment | | (3,626) | | 0.72 |
| Audited Cost/Cost Per Day | $ | 370,555 | $ | 177.72 |

This audit report includes the:

1. Audit Report Schedules 1 and 2

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
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(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

**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
(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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

## SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

**Provider:** OASIS HOUSE

**Fiscal Period:** APRIL 1, 2008 THROUGH MARCH 31, 2009

**Provider Number:** LTC80374F

**Provider NPI:** 1366591281

| SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY | AS REPORTED | AS AUDITED |
|---|---|---|
| 1. Medi-Cal Client Days (Adj 6) | 2,114 | 2,085 |
| 2. Other Client Days (Adj ) | 0 | 0 |
| 3. Total Client Days | 2,114 | 2,085 |
| 4. Total Client Care Expenses (From Sch. 2) | $ 374,181 | $ 370,555 |
| 5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | $ 177.00 | $ 177.72 |
| **SHARE OF COST** | | |
| 1. Share of Cost Audit Adjustment (Adj 7) | $ NA | $ (33) |
| **OVERPAYMENTS** | | |
| 1. Duplicate Payments (Adj ) | $ | $ 0 |
| 2. Credit Balances (Adj ) | $ | $ 0 |
| 3. Total Overpayments | $ 0 | $ 0 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
OASIS HOUSE

**Fiscal Period:**
APRIL 1, 2008 THROUGH MARCH 31, 2009

**Provider Number:**
LTC80374F

**NPI:**
1366591281

| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|---|---|---|---|---|---|
| | **EXPENSES: CLIENT SERVICES** | | | | |
| | **Basic Facility Cost - Property Expenses** | | | | |
| 045 | Depreciation and Amortization | | $ 8,017 | $ | $ 8,017 |
| 050 | Leases and Rentals | | | | 0 |
| 055 | Real Property Taxes | | 3,423 | | 3,423 |
| 060 | Personal Property Taxes | | | | 0 |
| 065 | Mortgage Interest | 2 | 10,100 | (402) | 9,698 |
| 070 | Property Insurance | 1 | 1,415 | (757) | 658 |
| | | | | | |
| 075 | TOTAL PROPERTY EXPENSES (Lines 045 through 070) | | $ 22,955 | $ (1,159) | $ 21,796 |
| | **Basic Facility Cost - General Home Expenses** | | | | |
| 080 | Home Operations and Maintenance | 3 | $ 5,629 | $ (113) | $ 5,516 |
| 085 | Utilities | | 8,865 | | 8,865 |
| 090 | Client Transportation | | | | 0 |
| 095 | Dietary | | 14,985 | | 14,985 |
| 100 | Personal Care and Laundry | | 7,085 | | 7,085 |
| | | | | | |
| 105 | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100) | | $ 36,564 | $ (113) | $ 36,451 |
| | | | | | |
| 110 | TOTAL BASIC FACILITY COST (Lines 075 plus 105) | | $ 59,518 | $ (1,272) | $ 58,246 |
| | **EXPENSES: DIRECT CARE STAFF COSTS** | | | | |
| 115 | QMRP Salaries | | $ 18,916 | $ | $ 18,916 |
| 120 | QMRP Fringe Benefits | | 4,348 | | 4,348 |
| 125 | Lead Salaries | | 30,406 | | 30,406 |
| 130 | Lead Fringe Benefits | | 6,989 | | 6,989 |
| 135 | Aides Salaries | | 119,338 | | 119,338 |
| 140 | Aides Fringe Benefits | | 30,257 | | 30,257 |
| 145 | Other Salaries | | 18,663 | | 18,663 |
| 150 | Other Fringe Benefits | | 5,013 | | 5,013 |
| 155 | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) | | $ 233,931 | $ 0 | $ 233,931 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
OASIS HOUSE

**Fiscal Period:**
APRIL 1, 2008 THROUGH MARCH 31, 2009

**Provider Number:**
LTC80374F

**NPI:**
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| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|---|---|---|---|---|---|
| | **EXPENSES: CONSULTANT COSTS** | | | | |
| 160 | Dietician Consultant | | $ 1,034 | $ | $ 1,034 |
| 165 | Speech Pathology Consultant | | | | 0 |
| 170 | Physical Therapy Consultant | | 2,250 | | 2,250 |
| 175 | Occupational Therapy Consultant | | 1,200 | | 1,200 |
| 180 | Pharmacist Consultant | | 830 | | 830 |
| 185 | Nurse Consultant | | | | 0 |
| 190 | Psychologist Consultant | 4 | 973 | 45 | 1,018 |
| 195 | Physician Consultant | | 3,600 | | 3,600 |
| 200 | Recreational Consultant | | 280 | | 280 |
| 205 | Social Service Consultant | | | | 0 |
| 210 | Other Consultant | | | | 0 |
| 215 | TOTAL CONSULTANT COST (Lines 160 through 210) | | $ 10,167 | $ 45 | $ 10,212 |
| | **EXPENSES: ADMINISTRATIVE COSTS** | | | | |
| 220 | Administrative Salaries | | $ | $ | $ 0 |
| 225 | Administrative Fringe Benefits | | | | 0 |
| 226 | Quality Assurance Fees | | 18,535 | | 18,535 |
| 230 | Other Administrative and General | 1,4,5 | 52,030 | (2,399) | 49,631 |
| 235 | TOTAL ADMINISTRATIVE COST (Lines 220 through 230) | | $ 70,565 | $ (2,399) | $ 68,166 |
| | TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235) | | $ 374,181 | $ (3,626) | $ 370,555 |
| | **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) | | $ 374,181 | $ (3,626) | $ 370,555 |

| Provider Name | Fiscal Period | Provider Number | Adjustments |
|---|---|---|---|
| OASIS HOUSE | APRIL 1, 2008 THROUGH MARCH 31, 2009 | LTC80374F | 7 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | RECLASSIFICATION OF REPORTED COSTS | | | |
| 1 | 4 | 70 | 4 | 2 | 70 | 3 | Property Insurance | $1,415 | ($757) | $658 |
| | 4.1 | 230 | 4 | 2 | 230 | 3 | Other General and Administrativ | 52,030 | 757 | 52,787 * |
| | | | | | | | To reclassify professional liability and other insurance expenses | | | |
| | | | | | | | the appropriate cost center | | | |
| | | | | | | | 42 CFR 413.20 and 413.24 | | | |
| | | | | | | | CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304 | | | |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | Fiscal Period | Provider Number | Adjustments |
|---|---|---|---|
| OASIS HOUSE | APRIL 1, 2008 THROUGH MARCH 31, 2009 | LTC80374F | 7 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENTS TO REPORTED COSTS | | | |
| 2 | 4 | 65 | 4 | 2 | 65 | 3 | Mortgage Interest<br>To adjust reported mortgage interest expense to agree with the loan amortization schedule.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | $10,100 | ($402) | $9,698 |
| 3 | 4 | 80 | 4 | 2 | 80 | 3 | Home Operations and Maintenance<br>To eliminate home operations expenses due to lack of documentation.<br>42 CFR 413.20, 413.24, and 431.107<br>CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b) | $5,629 | ($113) | $5,516 |
| 4 | 4.1 | 190 | 4 | 2 | 190 | 3 | Psychologist Consultant | $973 | $45 | $1,018 |
| | 4.1 | 230 | 4 | 2 | 230 | 3 | Other General and Administrative * | 52,787 | (937) | 51,850 * |
| | | | | | | | To reconcile reported expenses to agree with the provider's general ledger.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | | | |
| 5 | 4.1 | 230 | 4 | 2 | 230 | 3 | Other General and Administrative * | $51,850 | ($2,219) | $49,631 |
| | | | | | | | To adjust reported home office costs to agree with the Horrigan Enterprises, Inc., Home Office Audit Report for fiscal period ended March 31, 2009.<br>42 CFR 413.17 and 413.24<br>CMS Pub 15-1, Sections 2150.2 and 2304 | | | |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | Fiscal Period | Provider Number | Adjustments |
|---|---|---|---|
| OASIS HOUSE | APRIL 1, 2008 THROUGH MARCH 31, 2009 | LTC80374F | 7 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENT TO REPORTED PATIENT DAYS | | | |
| 6 | 2 | 3 | 1 | 1 | 1 | 2 | Client Days - Medi-Cal<br>To adjust total patient days to agree with the provider's patient census reports.<br>42 CFR 413.20, 413.24, and 413.50<br>CMS Pub. 15-1, Sections 2205, 2300, and 2304 | 2,114 | (29) | 2,085 |

| Provider Name | Fiscal Period | Provider Number | Adjustments |
|---|---|---|---|
| OASIS HOUSE | APRIL 1, 2008 THROUGH MARCH 31, 2009 | LTC80374F | 7 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENT TO OTHER MATTERS | | | |
| 7 | Not Reported | | | 1 | 1 | 2 | Overpayments<br>To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed.<br>42 CFR 413.5 and 413.20<br>CMS Pub. 15-1, Sections 2300 and 2409<br>CCR, Title 22, Sections 50786 and 51458.1 | $0 | $33 | $33 |