REPORT
ON THE
RATE SETTING AUDIT

LOYD'S LIBERTY HOMES, INC. - ALTAVILLE
BAKERSFIELD, CALIFORNIA
PROVIDER NUMBER: LTC80048H
NPI: 1447466818

FISCAL PERIOD ENDED
SEPTEMBER 30, 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: Wendy Oney

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

December 29, 2010

Peter Kurylo
Vice President/CFO
Loyd's Liberty Homes, Inc.
9166 Anaheim Place, Suite 200
Rancho Cucamonga, CA 91730

LOYD'S LIBERTY HOMES, INC. - ALTAVILLE
PROVIDER NUMBER LTC80048H
NATIONAL PROVIDER IDENTIFIER (NPI) 1447466818
FISCAL PERIOD ENDED SEPTEMBER 30, 2009

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	$	428,779	$	211.53
Net Audit Adjustment		(1,705)		(0.84)
Audited Cost/Cost Per Day	$	427,074	$	210.69

This audit report includes the:

1. Audit Report Schedules 1 and 2

2. Audit Adjustments that include a summary of the total due the State in the amount of $5,400, which resulted from Medi-Cal overpayments

3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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:
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

Fiscal Period:
OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

Provider Number:
LTC80048H

Provider NPI:
1447466818

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,019	2,019
2. Other Client Days (Adj)	8	8
3. Total Client Days	2,027	2,027
4. Total Client Care Expenses (From Sch. 2)	$ 428,779	$ 427,074
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 211.53	$ 210.69
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj 4)	$ 0	$ (5,400)
3. Total Overpayments	$ 0	$ (5,400)

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

Fiscal Period:
OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

Provider Number:
LTC80048H

NPI:
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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		$ 4,020	$	$ 4,020
050	Leases and Rentals		25,200		25,200
055	Real Property Taxes		2,172		2,172
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 31,392	$ 0	$ 31,392
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	$ 15,922	$ (190)	$ 15,732
085	Utilities		12,099		12,099
090	Client Transportation		8,786		8,786
095	Dietary		12,723		12,723
100	Personal Care and Laundry		5,341		5,341
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 54,871	$ (190)	$ 54,681
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 86,263	$ (190)	$ 86,073
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 13,550	$	$ 13,550
120	QMRP Fringe Benefits		3,832		3,832
125	Lead Salaries		15,947		15,947
130	Lead Fringe Benefits		4,510		4,510
135	Aides Salaries		104,303		104,303
140	Aides Fringe Benefits		29,503		29,503
145	Other Salaries	2	69,779	(664)	69,115
150	Other Fringe Benefits		15,560		15,560
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 256,984	$ (664)	$ 256,320

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE

Fiscal Period:
OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

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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		$ 1,573	$	$ 1,573
165	Speech Pathology Consultant		934		934
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		784		784
205	Social Service Consultant				0
210	Other Consultant		3,218		3,218
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 6,509	$ 0	$ 6,509
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 3,833	$	$ 3,833
225	Administrative Fringe Benefits		1,084		1,084
226	Quality Assurance Fees		24,967		24,967
230	Other Administrative and General	3	49,139	(851)	48,288
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 79,023	$ (851)	$ 78,172
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 428,779	$ (1,705)	$ 427,074
	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)		$ 428,779	$ (1,705)	$ 427,074

Provider Name	Fiscal Period	Provider Number	Adjustments
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE	OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009	LTC80048H	4

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			
1	4	80	4	2	80	3	Home Operations and Maintenance To eliminate personal property taxes applicable to a related facili 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$15,922	($190)	$15,732
2	4.1	145	4	2	145	3	Other Salaries To eliminate prior year nurse registry expenses. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	$69,779	($664)	$69,115
3	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Loyd's Liberty Homes, Inc. Home Office Audit Report for fiscal period ended September 30, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	$49,139	($851)	$48,288

Provider Name	Fiscal Period	Provider Number	Adjustments
LOYD'S LIBERTY HOMES, INC. - ALTAVILLE	OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009	LTC80048H	4

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			
4	Not Reported			1	2		Credit Balances To recover outstanding Medi-Cal credit balances. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 50761 and 51458.1	$0	$5,400	$5,400