

**REPORT
ON THE
RATE SETTING AUDIT**

**LOYD'S LIBERTY HOMES, INC. - AUGUSTA
MERCED, CALIFORNIA
PROVIDER NUMBER: LTC80010I
NPI: 1518147636**

**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**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 29, 2010

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

LOYD'S LIBERTY HOMES, INC. - AUGUSTA
PROVIDER NUMBER LTC80010I
NATIONAL PROVIDER IDENTIFIER (NPI) 1518147636
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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	485,064	\$ 221.49
Net Audit Adjustment		(9,439)	(4.31)
Audited Cost/Cost Per Day	\$	<u>475,625</u>	\$ <u>217.18</u>

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 \$3,769, 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.

Peter Kurylo
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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. - AUGUSTA

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

Provider Number:
LTC80010I

Provider NPI:
1518147636

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>485,064</u>	\$ <u>475,625</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>221.49</u>	\$ <u>217.18</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 6)	\$ <u>0</u>	\$ <u>(3,769)</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(3,769)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

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

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

Provider Number:
LTC80010I

NPI:
1518147636

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		\$ 1,236	\$	\$ 1,236
050	Leases and Rentals		21,600		21,600
055	Real Property Taxes	1	4,369	(337)	4,032
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 27,205	\$ (337)	\$ 26,868
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 33,054	\$ (4,695)	\$ 28,359
085	Utilities		14,695		14,695
090	Client Transportation	3	8,105	(630)	7,475
095	Dietary		16,297		16,297
100	Personal Care and Laundry		5,261		5,261
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 77,412	\$ (5,325)	\$ 72,087
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 104,617	\$ (5,662)	\$ 98,955
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 7,060	\$	\$ 7,060
120	QMRP Fringe Benefits		2,358		2,358
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		111,511		111,511
140	Aides Fringe Benefits		37,245		37,245
145	Other Salaries		104,154		104,154
150	Other Fringe Benefits		24,912		24,912
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 287,240	\$ 0	\$ 287,240

SUMMARY OF AUDITED FACILITY EXPENSES

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

Fiscal Period:
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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		\$ 1,529	\$	\$ 1,529
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		117		117
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		1,625		1,625
200	Recreational Consultant		1,695		1,695
205	Social Service Consultant				0
210	Other Consultant		514		514
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 5,480	\$ 0	\$ 5,480
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 5,724	\$	\$ 5,724
225	Administrative Fringe Benefits		1,912		1,912
226	Quality Assurance Fees		25,507		25,507
230	Other Administrative and General	4, 5	54,584	(3,777)	50,807
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 87,727	\$ (3,777)	\$ 83,950
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 485,064	\$ (9,439)	\$ 475,625
	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)		\$ 485,064	\$ (9,439)	\$ 475,625

Provider Name		Fiscal Period				Provider Number		Adjustments	
LOYD'S LIBERTY HOMES, INC. - AUGUSTA		OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009				LTC800101			
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Sch.	Line				
ADJUSTMENTS TO REPORTED COSTS									
1	4	55	4	2	55	3	\$4,369	(\$337)	\$4,032
Real Property Taxes To reflect the proper accrual of real property taxes applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1									
2	4	80	4	2	80	3	\$33,054	(\$4,695)	\$28,359
Home Operations and Maintenance To eliminate repairs and maintenance expenses recorded twice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
3	4	90	4	2	90	3	\$8,105	(\$630)	\$7,475
Client Transportation To eliminate client transportation expense due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)									
4	4.1	230	4	2	230	3	\$54,584		
Other General and Administrative To eliminate DHS laboratory service fee recorded twice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
5								(3,627)	\$50,807
To adjust reported home office costs to agree with the Loyd's Liberty Home, 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									

Provider Name		Fiscal Period				Provider Number		Adjustments	
LOYD'S LIBERTY HOMES, INC. - AUGUSTA		OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009				LTC800101		6	
Adj. No.	Report References			Audit Report		As Reported	Increase (Decrease)	As Adjusted	
	Cost Report	Line	Col.	Sch.	Line				Col
6	DHS 3076 Page or Exhibit								
	Not Reported	1			2		\$0	\$3,769	
								\$3,769	
<p>ADJUSTMENT TO OTHER MATTERS</p> <p>Credit Balances To recover outstanding Medi-Cal credit balances. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 50761 and 51458.1</p>									