

**REPORT  
ON THE  
RATE SETTING AUDIT**

**NEW HORIZONS-LEILA  
VISALIA, CALIFORNIA  
PROVIDER NUMBER: LTC80192G  
NPI NUMBER: 1851429252**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2009**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kathy Atkins  
Auditor: Jeffrey Swan**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

December 24, 2010

Bill and Dee Morgan, Owners  
New Horizons  
P. O. Box 192  
Exeter, CA 93221

PROVIDER: NEW HORIZONS - LEILA  
PROVIDER NO. LTC80192G  
NPI NO. 1851429252  
FISCAL PERIOD ENDED DECEMBER 31, 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	\$	393,015	\$ 179.95
Net Audit Adjustment		(53,639)	(24.98)
Audited Cost/Cost Per Day	\$	<u>339,376</u>	\$ <u>154.97</u>

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.

Bill and Dee Morgan  
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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:**  
NEW HORIZONS-LEILA

**Fiscal Period:**  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

**Provider Number:**  
LTC80192G

**Provider NPI:**  
1851429252

**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 8)	2,184	2,190
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,184</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>393,015</u>	\$ <u>339,376</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>179.95</u>	\$ <u>154.97</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 )	\$ _____	\$ _____
2. Credit Balances (Adj )	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NEW HORIZONS-LEILA

Fiscal Period:  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:  
LTC80192G

NPI:  
1851429252

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		\$ 4,616	\$	\$ 4,616
050	Leases and Rentals				0
055	Real Property Taxes		2,070		2,070
060	Personal Property Taxes				0
065	Mortgage Interest		4,626		4,626
070	Property Insurance		806		806
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,118	\$ 0	\$ 12,118
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 25,604	\$	\$ 25,604
085	Utilities		9,340		9,340
090	Client Transportation				0
095	Dietary		22,786		22,786
100	Personal Care and Laundry		4,126		4,126
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 61,856	\$ 0	\$ 61,856
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 73,974	\$ 0	\$ 73,974
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	1	\$ 11,000	\$ 2,650	\$ 13,650
120	QMRP Fringe Benefits				0
125	Lead Salaries		54,697		54,697
130	Lead Fringe Benefits		8,924		8,924
135	Aides Salaries		127,627		127,627
140	Aides Fringe Benefits		20,823		20,823
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 223,071	\$ 2,650	\$ 225,721

## SUMMARY OF AUDITED FACILITY EXPENSES

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,491	\$	\$ 1,491
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		1,680		1,680
185	Nurse Consultant	2	11,000	(11,000)	0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant	4	3,580	(775)	2,805
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,651	\$ (11,775)	\$ 6,876
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries	3	\$ 11,000	\$ (7,316)	\$ 3,684
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	5, 6	24,230	(3,685)	20,545
230	Other Administrative and General	7	42,089	(33,513)	8,576
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 77,319	\$ (44,514)	\$ 32,805
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 393,015	\$ (53,639)	\$ 339,376
	<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)		\$ 393,015	\$ (53,639)	\$ 339,376

Provider Name		Fiscal Period		Provider Number		Adjustments	
NEW HORIZONS - LEILA		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC80192G		8	
Adj. No.	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report					
DHS 3076 Page or Exhibit	Line	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>							
1	4.1	115	4	2	115.00	QMRP Salaries To adjust QMRP salaries expense to agree with the QMRP contract. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,000 \$2,650 \$13,650
2	4.1	185	4	2	185.00	Nurse Consultant To eliminate nurse consultant expense based on insufficient documentation and reasonableness. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,000 (\$11,000) \$0
3	4.1	220	4	2	220.00	Administrative Salaries To eliminate administrative salaries expense based on insufficient documentation and reasonableness. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,000 (\$7,316) \$3,684
4	4.1	210	4	2	210.00	Other Consultant To eliminate reported other consultant expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,580 (\$775) \$2,805

Provider Name		Fiscal Period		Provider Number		Adjustments		
NEW HORIZONS - LEILA		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC80192G		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
4.1	226	4	2	226.00		\$24,230		
5							(\$2,385)	
To eliminate the reported quality assurance fee expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304								
6							(1,300) (\$3,685)	\$20,545
To eliminate citation fees expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105.10								
7	4.1	230	4	230.00	2	\$42,089	(\$33,513)	\$8,576
Other General and Administrative To adjust reported home office costs to agree with the New Horizons Home Office Audit Report for fiscal period ended 12/31/09. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304								

Provider Name		Fiscal Period		Provider Number		Adjustments			
NEW HORIZONS - LEILA		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC80192G		8			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line		
		Cost Report	Audit Report					As Reported	Increase (Decrease)
8	2	3	1	1.00	1	1	2,184	6	2,190
Explanation of Audit Adjustments <u>ADJUSTMENT TO REPORTED CLIENT DAYS</u> Medi-Cal Client Days To adjust Medi-Cal client days to agree with the provider's patient census reports. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304									