

**REPORT
ON THE
HOME OFFICE AUDIT**

**CASA DEL RIOS HABILITATION SERVICES, INC.
STOCKTON, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Delia Valencia
Auditor: Ellada Kalachov**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 3, 2013

Janet Rios, Administrator
Casa del Rios Habilitation Services, Inc.
5541 N Solari Ranch Road
Stockton, CA 95215

CASA DEL RIOS HABILITATION SERVICES, INC.
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. 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 Summary of Audited Home Office Costs to Health Care Facilities represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Summary of Audited Home Office Costs to Health Care Facilities and Supporting Schedules
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

If you have questions regarding this report, you may call the Audits Section—Sacramento at (916) 650-6994.

Original Signed By

Robert G. Kvick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

TABLE OF CONTENTS

SCHEDULES

- 1 - COMPARISON OF REPORTED AND AUDITED HOME OFFICE COST**
- 2 - SUMMARY OF DIRECT AND ALLOCATED POOL COST**
- 3 - ALLOCATION OF POOLED EXPENSES**
- 4 - DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS**
- 5 - STATEMENT OF REIMBURSABLE COSTS**

**COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST**

HOME OFFICE:
CASA DEL RIOS HABILITATION SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
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(From Sch 2, Col 6) (Col 5 - Col 4)

1.	SOLARI RANCH	1659596856	12/31/11	\$534,440	\$204,082	(\$330,358)
2.	OMEGA HOUSE	1386869584	12/31/11		58,671	58,671
3.					0	0
4.					0	0
5.					0	0
6.					0	0
7.					0	0
8.					0	0
9.					0	0
10.					0	0
11.					0	0
12.					0	0
13.					0	0
14.					0	0
15.					0	0
16.					0	0
17.					0	0
18.					0	0
19.					0	0
20.					0	0
21.					0	0
22.					0	0
23.					0	0
24.					0	0
25.					0	0

TOTALS

\$534,440	\$262,753	(\$271,687)
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SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
CASA DEL RIOS HABILITATION SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4	POOLED EXPENSES 5	TOTAL DIRECT & POOLED FACILITY EXPENSE 6
			(From Sch 4)	(From Sch 3)	(Col 4 + Col 5)
1. SOLARI RANCH	1659596856	12/31/11	\$0	\$204,082	\$204,082
2. OMEGA HOUSE	1386869584	12/31/11	0	58,671	58,671
3.			0	0	0
4.			0	0	0
5.			0	0	0
6.			0	0	0
7.			0	0	0
8.			0	0	0
9.			0	0	0
10.			0	0	0
11.			0	0	0
12.			0	0	0
13.			0	0	0
14.			0	0	0
15.			0	0	0
16.			0	0	0
17.			0	0	0
18.			0	0	0
19.			0	0	0
20.			0	0	0
21.			0	0	0
22.			0	0	0
23.			0	0	0
24.			0	0	0
25.			0	0	0
TOTALS			\$0	\$262,753	\$262,753

(To Sch 1)

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
CASA DEL RIOS HABILITATION SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY	Allocation Statistics Base:	Percent	Allocation Pool
	Accumulated Cost 1		Expenses 3
Program Services (Adj 21)	\$1,056,492	80.9613%	\$262,753
Nonprogram Services (Adj 22,23)	248,442	19.0387%	61,789
TOTAL	\$1,304,934	100.0000%	\$324,542

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	NPI NUMBER	Audit Adjustment	Allocation Statistic: (Client Days)	Allocated Pool Expense (Col 2 X UCM)
1. SOLARI RANCH	1659596856		5,475	\$204,082
2. OMEGA HOUSE	1386869584		1,574	58,671
3.				0
4.				0
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0

TOTALS

7,049 \$262,753

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	37.275276
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
CASA DEL RIOS HABILITATION SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			specify expense 3	specify expense 4	specify expense 5	specify expense 6	
			(Adj) (Adj)	(Adj) (Adj)	(Adj) (Adj)	(Adj) (Adj)	
1. SOLARI RANCH	1659596856	\$0	\$0	\$0	\$0	\$0	\$0
2. OMEGA HOUSE	1386869584	0	0	0	0	0	0
3.		0	0	0	0	0	0
4.		0	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.		0	0	0	0	0	0
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
TOTALS		\$0	\$0	\$0	\$0	\$0	\$0

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
CASA DEL RIOS HABILITATION SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED COSTS 2	COST AUDIT ADJUSTMENTS 3	AUDITED COSTS 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 1-20)	(Col 2 + Col 3)	(Adj) (Adj)	(Col 4 - Col 5)
1. Salaries-Officers	\$39,313	\$68,190	\$107,503		\$107,503
2. Salaries-Other			0		0
3. Payroll Taxes	55,757		55,757		55,757
4. Employee Benefits		65,404	65,404		65,404
5. Travel			0		0
6. Entertainment			0		0
7. Automobile	2,065	(2,065)	0		0
8. Depreciation-Building			0		0
9. Depreciation-Equipment			0		0
10. Other Depreciation and Amortization			0		0
11. Leases and Rentals	252,000	(252,000)	0		0
12. Interest-Mortgages	56,180	(54,264)	1,916		1,916
13. Interest-Other			0		0
14. Taxes and Licenses	13,178	(13,178)	0		0
15. Legal and Accounting	39,996		39,996		39,996
16. Insurance	33,059	(14,742)	18,317		18,317
17. Telephone	714	(714)	0		0
18. Utilities			0		0
19. Office Supplies	860	5,560	6,420		6,420
20. Nonprogram	20,427	(20,427)	0		0
21. Other-Employee Training	20		20		20
22. Bank Service Charge	1,760	(533)	1,227		1,227
23. Payroll Processing	2,998	(2,998)	0		0
24. Continuing Education	270		270		270
25. Credit Card Fees	11,854	(7,826)	4,028		4,028
26. Repairs and Maintenance	740	19,695	20,435		20,435
27. Storage	3,249		3,249		3,249
28.			0		0
29.			0		0
30.			0		0
31.			0		0
32.			0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	\$534,440	(\$209,898)	\$324,542	\$0	\$324,542
				(To Sch 4)	(To Sch 3)

Provider Name							Fiscal Period		Provider NPI		Adjustments	
CASA DEL RIOS HABILITATION SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		N/A		23	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Cost Report			Audit Report									
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
ADJUSTMENTS TO REPORTED COSTS												
1	2	1	6	5	1	N/A	Salaries-Officer	\$39,313	(\$39,313)	\$0 *		
	2	4	6	5	4	N/A	Employee Benefits	0	65,404	65,404		
	2	23	6	5	23	N/A	Payroll Processing	2,998	(2,998)	0		
	2	25	6	5	25	N/A	Credit Card Fees	11,854	(1,578)	10,276 *		
							To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304					
2	2	1	6	5	1	N/A	Salaries-Officer	* \$0	\$107,503	\$107,503		
							To include administrative salaries expense for proper cost allocation. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3(c)(d), 2150.2 and 2304					
	2	7	6	5	7	N/A	Automobile	\$2,065				
3								To include client transportation expense for proper cost allocation. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3(c)(d), 2150.2 and 2304				
4								To abate transportation revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328				
									(38,310)			
									(\$2,065)	\$0		
5	2	11	6	5	11	N/A	Leases and Rentals	\$252,000	(\$252,000)	\$0		
							To eliminate rental/lease expenses paid to a related party. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
CASA DEL RIOS HABILITATION SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		N/A		23
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
ADJUSTMENTS TO REPORTED COSTS											
	2	12	6	5	12	N/A	Interest-Mortgages	\$56,180			
6							To eliminate interest expense that has not been documented necessary and related to patient care. 413.9(c)(3) and 413.53 CMS Pub 15-1, Section 202.2, 2102.3, 2300, and 2304		(\$52,439)		
7							To adjust reported mortgage interest expense to agree with the provider's amortization schedule and records. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 202.2, 2300, and 2304		(1,825) (\$54,264)	\$1,916	
	2	14	6	5	14	N/A	Taxes and Licenses	\$13,178			
8							To adjust taxes and licenses expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306		(\$9,806)		
9							To eliminate the taxes and licenses that are applicable to the facilities. 42 CFR 413.24 / CMS Pub. 15-1, Section 2307A		(3,372) (\$13,178)	\$0	
	2	16	6	5	16	N/A	Insurance	\$33,059			
10							To adjust insurance expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		(\$5,045)		
11							To abate transportation revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328		(9,697) (\$14,742)	\$18,317	

Provider Name							Fiscal Period			Provider NPI		Adjustments
CASA DEL RIOS HABILITATION SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		23
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Cost Report			Audit Report									
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
ADJUSTMENTS TO REPORTED COSTS												
12	2	17	6	5	17	N/A	Telephone To eliminate telephone expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$714	(\$714)	\$0		
13	2	19	6	5	19	N/A	Office Supplies To include office supplies expense for proper cost allocation. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3(c)(d), 2150.2 and 2304	\$860	\$5,560	\$6,420		
14	2	20	6	5	20	N/A	Nonprogram To reclassify nonprogram expense for proper cost finding in conjunction with adjustment 23. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8	\$20,427	(\$20,427)	\$0		
15	2	22	6	5	22	N/A	Bank Service Charges To eliminate over draft fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$1,760	(\$533)	\$1,227		
16	2	25	6	5	25	N/A	Credit Card Fees To eliminate credit card fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	* \$10,276	(\$6,248)	\$4,028		
	2	26	6	5	26	N/A	Repairs and Maintenance	\$740				
17							To include comcast expense for proper cost allocation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2150.3(c)(d)		\$720			
18							To include home operation and maintenance expense at the home office level for a proper allocation of cost. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2150.3(c)(d)		<u>127</u> \$847	\$1,587 *		

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
CASA DEL RIOS HABILITATION SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		23
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
ADJUSTMENTS TO REPORTED COSTS												
	2	26	6	5	26	N/A	Repairs and Maintenance	*	\$1,587			
19							To include telephone expense at the home office level for a proper allocation of cost. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2150.3(c)(d)				\$15,806	
20							To include utilities expense at the home office level for a proper allocation of cost. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2150.3(c)(d)				3,042	\$20,435
											\$18,848	

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
CASA DEL RIOS HABILITATION SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		N/A		23
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<u>ADJUSTMENTS TO REPORTED STATISTICS</u>											
21	5	1	1	3	1	N/A	Program Services (Total Cost)	0	1,056,492	1,056,492	
	5	3	1	3	3	N/A	Total Cost	0	1,056,492	1,056,492 *	
							To include program services statistics to agree with the provider's records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2150.3(d), 2304 and 2306				
22	5	2	1	3	2	N/A	Nonprogram Services (Total Cost)	0	228,015	228,015 *	
	5	3	1	3	3	N/A	Total Cost	* 1,056,492	228,015	1,284,507 *	
							To include nonprogram services statistics to agree with the provider's records. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2150.3(d), 2304 and 2306				
23	5	2	3	3	2	N/A	Nonprogram Services (Total Cost)	* 228,015	20,427	248,442	
	5	3	1	3	3	N/A	Total Cost	* 1,284,507	20,427	1,304,934	
							To include nonprogram service expense in conjunction with adjustment 14. CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8				

*Balance carried forward from prior/to subsequent adjustments