

**REPORT  
ON THE  
RATE SETTING AUDIT**

**NAVAJO HOME  
MANTECA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1356535389**

**FISCAL PERIOD ENDED  
MARCH 31, 2012**

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

**Section Chief: Robert G. Kvick  
Audit Supervisor: Kelly Ostrom  
Auditor: Valentina Lukovtseva**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 8, 2013

Mary Perry  
Navajo Home  
Secretary/Treasurer  
P.O. Box 293  
Manteca, CA 95336

NAVAJO HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1356535389  
FISCAL PERIOD ENDED MARCH 31, 2012

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost 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	\$	334,933	\$ 159.04
Net Audit Adjustment		(84,587)	(40.17)
Audited Cost/Cost Per Day	\$	<u>250,346</u>	\$ <u>118.87</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 \$8,095, which resulted from Medi-Cal overpayments

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 Fee-For-Service Rates Development Division.

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—  
Sacramento (916) 650-6994.

**Original Signed By**

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

Certified

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

**Provider:**  
NAVAJO HOME

**Fiscal Period:**  
APRIL 1, 2011 THROUGH MARCH 31, 2012

**Provider NPI:**  
1356535389

**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 )	2,106	2,106
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,106</u>	<u>2,106</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>334,933</u>	\$ <u>250,346</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>159.04</u>	\$ <u>118.87</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 16 )	\$ <u>NA</u>	\$ <u>8,095</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ <u>0</u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NAVAJO HOME

Fiscal Period:  
APRIL 1, 2011 THROUGH MARCH 31, 2012

Provider NPI:  
1356535389

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	1	\$ 7,346	\$ (5,035)	\$ 2,311
050	Leases and Rentals		5,717		5,717
055	Real Property Taxes	2	3,375	(1,224)	2,151
060	Personal Property Taxes		0		0
065	Mortgage Interest	3, 4	24,244	(24,244)	0
070	Property Insurance	5	2,198	(282)	1,916
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 42,880	\$ (30,785)	\$ 12,095
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	6	\$ 17,904	\$ (283)	\$ 17,621
085	Utilities	7	13,097	(567)	12,530
090	Client Transportation (excluding Adult Day Services)	8	(7,150)	7,150	0
095	Dietary		23,559		23,559
100	Personal Care and Laundry	9	3,318	(214)	3,104
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 50,728	\$ 6,086	\$ 56,814
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 93,608	\$ (24,699)	\$ 68,909
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,883	\$	\$ 12,883
120	QMRP Fringe Benefits		3,350		3,350
125	Lead Salaries	10	6,543	(6,543)	0
130	Lead Fringe Benefits	11	1,701	(1,701)	0
135	Aides Salaries		95,328		95,328
140	Aides Fringe Benefits		24,785		24,785
145	Other Salaries		2,216		2,216
150	Other Fringe Benefits		576		576
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 147,382	\$ (8,244)	\$ 139,138

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NAVAJO HOME

Fiscal Period:  
APRIL 1, 2011 THROUGH MARCH 31, 2012

Provider NPI:  
1356535389

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 864	\$	\$ 864
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		0		0
190	Psychologist Consultant	12	800	(63)	737
195	Physician Consultant		0		0
200	Recreational Consultant		500		500
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,164	\$ (63)	\$ 2,101
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	13	\$ 55,953	\$ (40,860)	\$ 15,093
225	Administrative Fringe Benefits	14	14,548	(10,624)	3,924
226	Quality Assurance Fees (excluding Adult Day Services)		11,688		11,688
230	Other General and Administrative*** (Excluding Adult Day Services)	15	9,590	(97)	9,493
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 91,779	\$ (51,581)	\$ 40,198
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 334,933	\$ (84,587)	\$ 250,346
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		133,943		133,943
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 468,876	\$ (84,587)	\$ 384,289

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
NAVAJO HOME							APRIL 1, 2011 THROUGH MARCH 31, 2012	1356535389	16	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	045	4	2	045	3	Depreciation and Amortization To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$7,346	(\$5,035)	\$2,311
2	4	055	4	2	055	3	Real Property Taxes To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$3,375	(\$1,224)	\$2,151
3	4	065	4	2	065	3	Mortgage Interest  To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$24,244	(\$3,420)	
4							To eliminate interest expense due to insufficient documentation the borrowing is necessary, proper, and related to patient care. 42 CFR, Sections 413.20 and 413.153 CMS Pub. 15-1, Sections 202.2, 212.1, 212.2, and 2304		(20,824) (\$24,244)	\$0
5	4	070	4	2	070	3	Property Insurance To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$2,198	(\$282)	\$1,916

Provider Name				Fiscal Period				Provider NPI		Adjustments
NAVAJO HOME				APRIL 1, 2011 THROUGH MARCH 31, 2012				1356535389		16
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
6	4	080	4	2	080	3	Home Operations and Maintenance To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$17,904	(\$283)	\$17,621
7	4	085	4	2	085	3	Utilities To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$13,097	(\$567)	\$12,530
8	4	090	4	2	090	3	Client Transportation To reverse the provider's over abatement of transportation revenue. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Section 2302.5	(\$7,150)	\$7,150	\$0
9	4	100	4	2	100	3	Personal Care and Laundry To eliminate clients' personal clothing items not reimbursable by the Medi-Cal Program. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2138.3 CCR, Title 22, Section 51510.2	\$3,318	(\$214)	\$3,104
10	4.1	125	4	2	125	3	Lead Salaries To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$6,543	(\$6,543)	\$0

Provider Name				Fiscal Period				Provider NPI		Adjustments
NAVAJO HOME				APRIL 1, 2011 THROUGH MARCH 31, 2012				1356535389		16
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
11	4.1	130	4	2	130	3	Lead Benefits To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$1,701	(\$1,701)	\$0
12	4.1	190	4	2	190	3	Psychologist Consultant To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$800	(\$63)	\$737
13	4.1	220	4	2	220	3	Administrative Salaries To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$55,953	(\$40,860)	\$15,093
14	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$14,548	(\$10,624)	\$3,924
15	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Heritage Estates, Inc. Home Office Audit Report for fiscal period ended March 31, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$9,590	(\$97)	\$9,493

Provider Name				Fiscal Period				Provider NPI		Adjustments
NAVAJO HOME				APRIL 1, 2011 THROUGH MARCH 31, 2012				1356535389		16
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENT TO OTHER MATTERS</u>										
16	Not Reported			1	1		Overpayments To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$8,095	\$8,095