

**REPORT  
ON THE  
RATE SETTING AUDIT**

**POSITIVE DIRECTIONS #1  
DELANO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1295858652**

**FISCAL PERIOD ENDED  
JUNE 30, 2011**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kristina Nacino  
Auditor: Minning Zhao**



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



EDMUND G. BROWN JR.  
GOVERNOR

November 28, 2012

Trisha LaGue, CEO  
Positive Directions, Inc.  
1231 Main Street  
Delano, CA 93215

PROVIDER: POSTITIVE DIRECTIONS #1  
NATIONAL PROVIDER IDENTIFIER (NPI) 1295858652  
FISCAL PERIOD ENDED JUNE 30, 2011

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	\$	402,175		\$ 183.64
Net Audit Adjustment		<u>(36,467)</u>		<u>(16.59)</u>
Audited Cost/Cost Per Day	\$	<u>365,708</u>		\$ <u>166.99</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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.

Trisha LaGue  
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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—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:**  
POSITIVE DIRECTIONS #1

**Fiscal Period:**  
JULY 1, 2010 THROUGH JUNE 30, 2011

**Provider NPI:**  
1295858652

**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 )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>402,175</u>	\$ <u>365,708</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>183.64</u>	\$ <u>166.99</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
POSITIVE DIRECTIONS #1

Fiscal Period:  
JULY 1, 2010 THROUGH JUNE 30, 2011

Provider NPI:  
1295858652

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	2	\$ 6,043	\$ (1,787)	\$ 4,256
050	Leases and Rentals				0
055	Real Property Taxes		1,879		1,879
060	Personal Property Taxes		0		0
065	Mortgage Interest		1,296		1,296
070	Property Insurance		2,891		2,891
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,109	\$ (1,787)	\$ 10,322
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3	\$ 12,986	\$ (656)	\$ 12,330
085	Utilities		7,933		7,933
090	Client Transportation (excluding Adult Day Services)	4	4,482	(1,385)	3,097
095	Dietary		16,845		16,845
100	Personal Care and Laundry		300		300
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,546	\$ (2,041)	\$ 40,505
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 54,655	\$ (3,828)	\$ 50,827
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 14,950		\$ 14,950
120	QMRP Fringe Benefits		5,610		5,610
125	Lead Salaries		28,648		28,648
130	Lead Fringe Benefits		13,977		13,977
135	Aides Salaries	8	133,169	(24,187)	108,982
140	Aides Fringe Benefits	8	29,334	(5,328)	24,006
145	Other Salaries		2,142		2,142
150	Other Fringe Benefits		550		550
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 228,380	\$ (29,515)	\$ 198,865

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
POSITIVE DIRECTIONS #1

Fiscal Period:  
JULY 1, 2010 THROUGH JUNE 30, 2011

Provider NPI:  
1295858652

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		\$ 1,000	\$	\$ 1,000
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		326		326
185	Nurse Consultant		7,806		7,806
190	Psychologist Consultant		2,222		2,222
195	Physician Consultant				0
200	Recreational Consultant		1,452		1,452
205	Social Service Consultant				0
210	Other Consultant		1,229		1,229
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,035	\$ 0	\$ 14,035
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		20,644		20,644
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 5, 6, 7	84,461	(3,124)	81,337
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 105,105	\$ (3,124)	\$ 101,981
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 402,175	\$ (36,467)	\$ 365,708
	<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		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 402,175	\$ (36,467)	\$ 365,708

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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	
POSITIVE DIRECTIONS #1		JULY 1, 2010 THROUGH JUNE 30, 2011				1295858652		8	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Line	Col				
1	4.1	230	4	2	230	2	\$84,334	\$127	\$84,461 *
Explanation of Audit Adjustments <u>MEMORANDUM ADJUSTMENT</u>  Other General and Administrative To correct a footing error in the cost report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period				Provider NPI		Adjustments		
POSITIVE DIRECTIONS #1		JULY 1, 2010 THROUGH JUNE 30, 2011				1295858652		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Sch.	Col.	Audit Report					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	45	4	2	45	2		\$6,043	(\$1,787)	\$4,256
Depreciation and Amortization To eliminate depreciation expense due to lack of documentatic 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 104.10E, 104.14A(4), 2300 and 230.										
3	4	80	4	2	80	2		\$12,986	(\$656)	\$12,330
Home Operations and Maintenance To eliminate expense not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(e)										
4	4	90	4	2	90	2		\$4,482	(\$1,385)	\$3,097
Client Transportation To eliminate car repair expense not related to the facility being audited and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
4.1	230	4	2	230	2			\$84,461		
Other General and Administrative *										
5									(\$267)	
To eliminate physician on-call services expense not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2182.6, 2300 and 2304 CCR, Title 22, Section 51510.2										
6									(349)	
To eliminate college tuition and book expenses not related to patient care. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105, 2300 and 2304										
7									<u>(2,508)</u> (\$3,124)	\$81,337
To eliminate mileage expenses not related to the program and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51164.1										

Provider Name		Fiscal Period		Provider NPI		Adjustments		
POSITIVE DIRECTIONS #1		JULY 1, 2010 THROUGH JUNE 30, 2011		1295858652		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
8	4.1	135	4	2	135	\$133,169	(\$24,187)	\$108,982
	4.1	140	4	2	140	29,334	(5,328)	24,006
<p style="text-align: center;"><b>ADJUSTMENTS TO REPORTED COSTS</b></p> <p>                     2 Aides Salaries                      2 Aides Benefits                      To abate one to one care service income against related cost.                      42 CFR 413.5, 413.9, 413.20 and 413.24                      CMS Pub. 15-1, Sections 2300, 2304 and 2328                 </p>								