

**REPORT
ON THE
RATE SETTING AUDIT**

**POSITIVE DIRECTIONS #2
DELANO, CALIFORNIA
NPI NUMBER: 1821211475**

**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, CA93215

PROVIDER: POSTITIVE DIRECTIONS #2
NATIONAL PROVIDER IDENTIFIER (NPI) 1821211475
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	\$	375,497	\$ 173.28
Net Audit Adjustment		<u>(7,426)</u>	<u>(3.43)</u>
Audited Cost/Cost Per Day	\$	<u>368,071</u>	\$ <u>169.85</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 #2

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

Provider NPI:
1821211475

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,167	2,167
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,167</u>	<u>2,167</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>375,497</u>	\$ <u>368,071</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>173.28</u>	\$ <u>169.85</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #2

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

Provider NPI:
1821211475

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	\$ 4,563	\$ (1,910)	\$ 2,653
050	Leases and Rentals				0
055	Real Property Taxes		1,536		1,536
060	Personal Property Taxes				0
065	Mortgage Interest		663		663
070	Property Insurance		1,966		1,966
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,728	\$ (1,910)	\$ 6,818
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 15,528	\$ (726)	\$ 14,802
085	Utilities		7,264		7,264
090	Client Transportation (excluding Adult Day Services)	3	3,432	(1,714)	1,718
095	Dietary		15,327		15,327
100	Personal Care and Laundry		240		240
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,791	\$ (2,440)	\$ 39,351
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,519	\$ (4,350)	\$ 46,169
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 11,989	\$	\$ 11,989
120	QMRP Fringe Benefits		3,780		3,780
125	Lead Salaries		27,272		27,272
130	Lead Fringe Benefits		14,453		14,453
135	Aides Salaries		119,822		119,822
140	Aides Fringe Benefits		26,497		26,497
145	Other Salaries		2,247		2,247
150	Other Fringe Benefits		568		568
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 206,628	\$ 0	\$ 206,628

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #2

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

Provider NPI:
1821211475

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
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		2,035		2,035
185	Nurse Consultant		7,806		7,806
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,452		1,452
205	Social Service Consultant				0
210	Other Consultant		1,446		1,446
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,739	\$ 0	\$ 13,739
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		20,623		20,623
230	Other General and Administrative*** (Excluding Adult Day Services)	4, 5, 6	83,988	(3,076)	80,912
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 104,611	\$ (3,076)	\$ 101,535
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 375,497	\$ (7,426)	\$ 368,071
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 375,497	\$ (7,426)	\$ 368,071

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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 #2		JULY 1, 2010 THROUGH JUNE 30, 2011		1821211475		6								
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Line	Col.									
ADJUSTMENTS TO REPORTED COSTS														
1	4	45	4	2	45	2	2				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, 104.14(A), 2300 and 2304	\$4,563	(\$1,910)	\$2,653
2	4	80	4	2	80	2	2				Home Operations and Maintenance To eliminate home operation and maintenance 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	\$15,528	(\$726)	\$14,802
3	4	90	4	2	90	2	2				Client Transportation To eliminate client transportation 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	\$3,432	(\$1,714)	\$1,718
4	4.1	230	4	2	230	2	2				Other General and Administrative To eliminate physician on-call service 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	\$83,988	(\$267)	
5											To adjust other administrative expense not related to patient care and to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(208)	
6											To eliminate mileage expense 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		(2,601) (\$3,076)	\$80,912