

**REPORT  
ON THE  
RATE SETTING AUDIT**

**HAPPY VALLEY ICF/DD-H #6  
CONCORD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1225173958**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Louise Wong  
Audit Supervisor: Matthew Moy  
Auditor: Joe Hodges**



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



EDMUND G. BROWN JR.  
GOVERNOR

January 28, 2013

Costin Niculescu, Director  
Happy Valley ICF/DD-H #6  
2478 Warren Lane  
Walnut Creek, CA 94597

HAPPY VALLEY ICF/DD-H #6  
NATIONAL PROVIDER IDENTIFIER (NPI) 1225173958  
FISCAL PERIOD ENDED DECEMBER 31, 2011

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	\$	387,441	\$ 176.91
Net Audit Adjustment		<u>(12,483)</u>	<u>(5.70)</u>
Audited Cost/Cost Per Day	\$	<u>374,958</u>	\$ <u>171.21</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 \$ 2,476, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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:

John Melton, 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.

Costin Niculescu  
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If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

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

**Provider:**  
HAPPY VALLEY ICF/DD-H #6

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1225173958

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days	2,190	2,190
2. Medi-Cal Managed Care Days	0	0
3. Other Client Days	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>387,441</u>	\$ <u>374,958</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>176.91</u>	\$ <u>171.21</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
1. Medi-Cal Overpayments (Adj 10)	\$ <u>          </u>	\$ <u>2,476</u>
2. Credit Balances	\$ <u>          </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>2,476</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
HAPPY VALLEY ICF/DD-H #6

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1225173958

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	\$ 11,610	\$ 287	\$ 11,897
050	Leases and Rentals				0
055	Real Property Taxes	2	4,993	(485)	4,508
060	Personal Property Taxes				0
065	Mortgage Interest		8,682	0	8,682
070	Property Insurance		631	0	631
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,916	\$ (198)	\$ 25,718
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3	\$ 5,001	\$ (1,699)	\$ 3,302
085	Utilities		8,103	0	8,103
090	Client Transportation (excluding Adult Day Services)	4	4,366	(4,366)	0
095	Dietary	5, 6	16,673	(1,302)	15,371
100	Personal Care and Laundry		3,618	0	3,618
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,761	\$ (7,367)	\$ 30,394
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 63,677	\$ (7,565)	\$ 56,112
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,600	\$ 0	\$ 13,600
120	QMRP Fringe Benefits		1,800	0	1,800
125	Lead Salaries		46,339	0	46,339
130	Lead Fringe Benefits		7,231	0	7,231
135	Aides Salaries		160,317	0	160,317
140	Aides Fringe Benefits		23,613	0	23,613
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 252,900	\$ 0	\$ 252,900

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
HAPPY VALLEY ICF/DD-H #6

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1225173958

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	7	\$ 900	\$ (25)	\$ 875
165	Speech Pathology Consultant	7	1,000	(1,000)	0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		200	0	200
185	Nurse Consultant		10,000	0	10,000
190	Psychologist Consultant				0
195	Physician Consultant		800	0	800
200	Recreational Consultant	7	0	1,200	1,200
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 12,900	\$ 175	\$ 13,075
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 30,000	\$ 0	\$ 30,000
225	Administrative Fringe Benefits	8	4,200	(4,200)	0
226	Quality Assurance Fees (excluding Adult Day Services)		20,643	0	20,643
230	Other General and Administrative*** (Excluding Adult Day Services)	9	3,121	(893)	2,228
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 57,964	\$ (5,093)	\$ 52,871
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 387,441	\$ (12,483)	\$ 374,958
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 387,441	\$ (12,483)	\$ 374,958

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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
HAPPY VALLEY ICF/DD-H #6							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1225173958		10
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation to agree with the provider's detailed depreciation schedules. 42 CFR 413.20, 413.24, 413.50 and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304	\$11,610	\$287	\$11,897
2	4	055	4	2	055	3	Real Property Taxes To eliminate tax penalties not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1	\$4,993	(\$485)	\$4,508
3	4	080	4	2	080	3	Home Operations and Maintenance 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	\$5,001	(\$1,699)	\$3,302
4	4	090	4	2	090	3	Client Transportation To eliminate client transportation expense expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,366	(\$4,366)	\$0
5	4	095	4	2	095	3	Dietary To adjust dietary 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	\$16,673	(\$191)	\$16,482 *
6	4	095	4	2	095	3	Dietary To eliminate dietary expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	* \$16,482	(\$1,111)	\$15,371

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI	Adjustments	
HAPPY VALLEY ICF/DD-H #6							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1225173958	10	
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>										
7	4.1	160	4	2	160	3	Dietician Consultant	\$900	(\$25)	\$875
	4.1	165	4	2	165	3	Speech Pathology Consultan	1,000	(1,000)	0
	4.1	200	4	2	200	3	Recreational Consultan	0	1,200	1,200
							To reconcile the reported expenses to agree with the provider' records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
8	4.1	225	4	2	225	3	Administrative Fringe Benefits	\$4,200	(\$4,200)	\$0
							To eliminate administrative fringe benefit expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			
9	4.1	230	4	2	230	3	Other General and Administrative	\$3,121	(\$893)	\$2,228
							To eliminate other general and administrative expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			

Provider Name				Fiscal Period			Provider NPI		Adjustments	
HAPPY VALLEY ICF/DD-H #6				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1225173958		10	
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>										
10	Not Reported			1	1	2	Medi-Cal 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	\$2,476	\$2,476