

**REPORT
ON THE
RATE SETTING AUDIT**

**PHILIP'S HOME ICF/DD-H
SOUTH SAN FRANCISCO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1790991560**

**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: David Mui
Auditor: Philip Chang**



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



EDMUND G. BROWN JR.
GOVERNOR

July 1, 2013

Estelita S. Evangelista, Owner
Philip's Home ICF/DD-H
933 Newman Drive
South San Francisco 94080

PHILIP'S HOME ICF/DD-H
NATIONAL PROVIDER IDENTIFIER (NPI) 1790991560
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	\$	354,408	\$ 168.61
Net Audit Adjustment		<u>(52,283)</u>	<u>(24.88)</u>
Audited Cost/Cost Per Day	\$	<u>302,125</u>	\$ <u>143.73</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 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.

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

Original Signed by

Louise Wong, Chief
Audits Section - Richmond
Financial Audits Branch

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

Provider:
PHILIP'S HOME ICF/DD-H

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

Provider NPI:
1790991560

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 10)	2,102	0
2. Medi-Cal Managed Care Days (Adj 10)	0	2,102
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,102</u>	<u>2,102</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>354,408</u>	\$ <u>302,125</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>168.61</u>	\$ <u>143.73</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:
PHILIP'S HOME ICF/DD-H

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

Provider NPI:
1790991560

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	4	\$ 29,031	\$ (25,667)	\$ 3,364
050	Leases and Rentals	5, 7	84,000	(84,000)	0
055	Real Property Taxes	8	0	6,828	6,828
060	Personal Property Taxes				0
065	Mortgage Interest	8	0	47,087	47,087
070	Property Insurance	8	0	8,382	8,382
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 113,031	\$ (47,370)	\$ 65,661
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 11,512	\$ (1,800)	\$ 9,712
085	Utilities		8,931	0	8,931
090	Client Transportation (excluding Adult Day Services)	6	8,359	(1,254)	7,105
095	Dietary		20,541	0	20,541
100	Personal Care and Laundry		1,555	0	1,555
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 50,898	\$ (3,054)	\$ 47,844
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 163,929	\$ (50,424)	\$ 113,505
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,800	\$ 0	\$ 16,800
120	QMRP Fringe Benefits		35	0	35
125	Lead Salaries		47,928	0	47,928
130	Lead Fringe Benefits		1,893	0	1,893
135	Aides Salaries		45,834	0	45,834
140	Aides Fringe Benefits		6,318	0	6,318
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 118,808	\$ 0	\$ 118,808

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PHILIP'S HOME ICF/DD-H

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

Provider NPI:
1790991560

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 2,120	\$ 0	\$ 2,120
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		540	0	540
175	Occupational Therapy Consultant		420	0	420
180	Pharmacist Consultant				0
185	Nurse Consultant		1,308	0	1,308
190	Psychologist Consultant		580	0	580
195	Physician Consultant		2,400	0	2,400
200	Recreational Consultant		826	0	826
205	Social Service Consultant				0
210	Other Consultant		460	0	460
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 8,654	\$ 0	\$ 8,654
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$ 22,500	\$ 0	\$ 22,500
225	Administrative Fringe Benefits	1	1,893	(490)	1,403
226	Quality Assurance Fees (excluding Adult Day Services)		15,746	0	15,746
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 3, 9	22,878	(1,369)	21,509
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 63,017	\$ (1,859)	\$ 61,158
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 354,408	\$ (52,283)	\$ 302,125
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
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)		\$ 354,408	\$ (52,283)	\$ 302,125

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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
PHILIP'S HOME ICF/DD-H							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790991560		10
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
ADJUSTMENTS TO REPORTED COSTS										
1	4.1	225	4	2	225	3	Administration Fringe Benefits 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	\$1,893	(\$490)	\$1,403
2	4 4.1	080 230	4 4	2 2	080 230	3 3	Home Operations and Maintenance Other General and Administrative To eliminate miscellaneous expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,512 22,878	(\$1,800) (174)	\$9,712 22,704 *
3	4.1	230	4	2	230	3	Other General and Administrative To eliminate donation expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	* \$22,704	(\$760)	\$21,944 *
4	4	045	4	2	045	3	Depreciation and Amortization To eliminate the amortization of goodwill which is not allowable. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$29,031	(\$25,667)	\$3,364
5	4	050	4	2	050	3	Leases and Rentals To eliminate auto lease expense from a related organization. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 2300, and 2304	\$84,000	(\$18,000)	\$66,000 *
6	4	090	4	2	090	3	Client Transportation To eliminate automobile expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,359	(\$1,254)	\$7,105

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
PHILIP'S HOME ICF/DD-H				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1790991560		10	
Report References							Explanation of Audit Adjustment	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
7	4	050	4	2	050	3	Leases and Rentals 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	*	\$66,000	(\$66,000)	\$0
8	4	055	4	2	055	3	Real Property Taxes		\$0	\$6,828	\$6,828
	4	065	4	2	065	3	Mortgage Interest		0	47,087	47,087
	4	070	4	2	070	3	Property Insurance To include cost of ownership in lieu of related party lease expense. 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		0	8,382	8,382
9	4.1	230	4	2	230	3	Other General and Administrative To eliminate entertainment expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$21,944	(\$435)	\$21,509

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
PHILIP'S HOME ICF/DD-H			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1790991560		10	
Report References							Explanation of Audit Adjustment	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 REPORTED PATIENT DAYS</u>										
10	2	3		1	1	N/A	Medi-Cal Days	2,102	(2,102)	0
	Not Reported			1	2	N/A	Medi-Cal Managed Care Days To reclassify Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	2,102	2,102