

**REPORT
ON THE
RATE SETTING AUDIT**

**SERRA RESIDENTIAL CENTER – SAN JUAN HOUSE
FREMONT, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1982740783**

**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: Diana Dong
Auditor: Sherina Li**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 16, 2013

Lisa E. Senadenos
Chief Executive Officer
Serra Residential Center, Incorporated
2610 Central Avenue, Suite 120
Union City, CA 94587

SERRA RESIDENTIAL CENTER – SAN JUAN HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI):1982740783
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	\$	437,935	\$ 199.97
Net Audit Adjustment		<u>(44,939)</u>	<u>(20.52)</u>
Audited Cost/Cost Per Day	\$	<u>392,996</u>	\$ <u>179.45</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.

Lisa E. Senadenos
Page 3

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

Certified

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

Provider:
SERRA RESIDENTIAL CENTER - SAN JUAN HOUSE

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

Provider NPI:
1982740783

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>437,935</u>	\$ <u>392,996</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>199.97</u>	\$ <u>179.45</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>	\$ <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:
SERRA RESIDENTIAL CENTER - SAN JUAN HOUSE

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

Provider NPI:
1982740783

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	\$ 26,726	\$ (5,083)	\$ 21,643
050	Leases and Rentals				0
055	Real Property Taxes		417	0	417
060	Personal Property Taxes				0
065	Mortgage Interest	2	39,278	(39,278)	0
070	Property Insurance		8,242	0	8,242
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 74,663	\$ (44,361)	\$ 30,302
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 5,118	\$ 0	\$ 5,118
085	Utilities		5,317	0	5,317
090	Client Transportation (excluding Adult Day Services)		11,520	0	11,520
095	Dietary		10,337	0	10,337
100	Personal Care and Laundry		4,560	0	4,560
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,852	\$ 0	\$ 36,852
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 111,515	\$ (44,361)	\$ 67,154
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 19,301	\$ 0	\$ 19,301
120	QMRP Fringe Benefits		5,048	0	5,048
125	Lead Salaries		24,750	0	24,750
130	Lead Fringe Benefits		12,364	0	12,364
135	Aides Salaries		103,427	0	103,427
140	Aides Fringe Benefits		25,609	0	25,609
145	Other Salaries		22,240	0	22,240
150	Other Fringe Benefits		6,049	0	6,049
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 218,788	\$ 0	\$ 218,788

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SERRA RESIDENTIAL CENTER - SAN JUAN HOUSE

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

Provider NPI:
1982740783

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,111	\$ 0	\$ 1,111
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		464	0	464
185	Nurse Consultant				0
190	Psychologist Consultant		2,001	0	2,001
195	Physician Consultant		3,483	0	3,483
200	Recreational Consultant		900	0	900
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,959	\$ 0	\$ 7,959
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		23,021	0	23,021
230	Other General and Administrative*** (Excluding Adult Day Services)	3	76,652	(578)	76,074
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 99,673	\$ (578)	\$ 99,095
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 437,935	\$ (44,939)	\$ 392,996
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		139,420	0	139,420
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 577,355	\$ (44,939)	\$ 532,416

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name				Fiscal Period			Provider NPI		Adjustments	
SERRA RESIDENTIAL CENTER - SAN JUAN HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1982740783		3	
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>ADJUSTMENTS TO REPORTED COSTS</u>										
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation to agree with the provider's Fixed Assets Inventory records, and to eliminate depreciation claimed on the facility's land. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-1, Sections 102, 2300, and 2304	\$26,726	(\$5,083)	\$21,643
2	4	065	4	2	065	3	Mortgage Interest To eliminate interest expense paid to a related party due to lack of documentation. 42 CFR 413.153 and 413.17 CMS Pub. 15-1, Sections 218.1 and 1005	\$39,278	(\$39,278)	\$0
3	4.1	230	4	2	230	3	Other General and Administrative To disallow employee theft loss, recorded as legal fees as this is not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105 CMS Pub. 15-1, Sections 2300 and 2304	\$76,652	(\$578)	\$76,074