

**REPORT
ON THE
RATE SETTING AUDIT**

**CANYON CREST
SUN VALLEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1467580456**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: Robert Neely**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 17, 2013

Robert Nydam, President
Day Break Care Center, Inc.
10716 La Tuna Canyon Road, 2nd Floor
Sun Valley, CA 91352

CANYON CREST
NATIONAL PROVIDER IDENTIFIER (NPI) 1467580456
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	\$	356,866	\$ 164.00
Net Audit Adjustment		(63,167)	(29.89)
Audited Cost/Cost Per Day	\$	<u>293,699</u>	\$ <u>134.11</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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.

Robert Nydam
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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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

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

Provider:
CANYON CREST

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

Provider NPI:
1467580456

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 8)	0	2,190
2. Medi-Cal Managed Care Days (Adj 7)	2,176	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,176</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>356,866</u>	\$ <u>293,699</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>164.00</u>	\$ <u>134.11</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:
CANYON CREST

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

Provider NPI:
1467580456

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	2	\$ 1,136	\$ (925)	\$ 211
050	Leases and Rentals		0		0
055	Real Property Taxes	3	3,434	(1,717)	1,717
060	Personal Property Taxes		0		0
065	Mortgage Interest		9,138		9,138
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,708	\$ (2,642)	\$ 11,066
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	4	\$ 23,456	\$ (1,078)	\$ 22,378
085	Utilities		10,452		10,452
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		13,498		13,498
100	Personal Care and Laundry		948		948
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 48,354	\$ (1,078)	\$ 47,276
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,062	\$ (3,720)	\$ 58,342
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 5,274		\$ 5,274
120	QMRP Fringe Benefits		343		343
125	Lead Salaries		15,487		15,487
130	Lead Fringe Benefits		456		456
135	Aides Salaries		971		971
140	Aides Fringe Benefits		28		28
145	Other Salaries		126,156		126,156
150	Other Fringe Benefits		4,572		4,572
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 153,287	\$ 0	\$ 153,287

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CANYON CREST

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

Provider NPI:
1467580456

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 960	\$	\$ 960
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		2,410		2,410
175	Occupational Therapy Consultant		2,350		2,350
180	Pharmacist Consultant		482		482
185	Nurse Consultant		0		0
190	Psychologist Consultant		3,240		3,240
195	Physician Consultant		2,017		2,017
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,459	\$ 0	\$ 11,459
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)	1	19,915	(3,317)	16,598
230	Other General and Administrative*** (Excluding Adult Day Services)	1,5,6	110,143	(56,130)	54,013
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 130,058	\$ (59,447)	\$ 70,611
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 356,866	\$ (63,167)	\$ 293,699
	NON-CLIENT CARE EXPENSES		(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)		\$ 356,866	\$ (63,167)	\$ 293,699

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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		
CANYON CREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1467580456	8		
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>RECLASSIFICATION OF REPORTED COSTS</u>											
1	4.1	226	4	2	226	3	Quality Assurance Fees	\$19,915	(\$3,317)	\$16,598	
	4.1	230	4	2	230	3	Other General and Administrative To reclassify CDPH licensing fees to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8	110,143	3,317	113,460 *	

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
CANYON CREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1467580456		8
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate goodwill amortization expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$1,136	(\$925)	\$211
3	4	055	4	2	055	3	Real Property Taxes To reconcile the reported real property tax expense to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,434	(\$1,717)	\$1,717
4	4	080	4	2	080	3	Home Operations and Maintenance To eliminate client medications, dietary consulting, and hill clean up fire safety expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$23,456	(\$1,078)	\$22,378
	4.1	230	4	2	230	3	Other General and Administrative	*	\$113,460	
5							To adjust reported home office costs to agree with the Daybreak Care Center, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(\$13,734)	
6							To abate supporting program revenue. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Section 2328C CMS Pub. 15-2, Section 3613		(45,713) (\$59,447)	\$54,013

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
CANYON CREST				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1467580456		8
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 PATIENT DAYS</u>										
7	2	3	2	1	2	Medi-Cal Managed Care Days To adjust Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304	2,176	(2,176)	0	
8	2	3	1	1	1	Medi-Cal Client Days	0	2,190	2,190	
	2	3	4	1	4	Total Client Days To adjust total patient days to agree with the provider's patient census reports. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304	2,176	14	2,190	