

**REPORT  
ON THE  
RATE SETTING AUDIT**

**CHRISTOPHER RANCH III  
REDLANDS, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1457486110**

**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: Emmanuel K. Ngati**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 12, 2013

Kelly Snelling, Administrator  
Christopher Ranch III  
1533 East Highland Drive  
Redlands, CA 92374

CHRISTOPHER RANCH III  
NATIONAL PROVIDER IDENTIFIER (NPI) 1457486110  
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	\$	359,969	\$ 169.08
Net Audit Adjustment		<u>21,242</u>	<u>8.89</u>
Audited Cost/Cost Per Day	\$	<u>381,211</u>	\$ <u>177.97</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.

Kelly Snelling  
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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:**  
CHRISTOPHER RANCH III

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

**Provider NPI:**  
1457486110

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adjs 15,16)	0	2,142
2. Medi-Cal Managed Care Days (Adj 15)	2,129	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,129</u>	<u>2,142</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>359,969</u>	\$ <u>381,211</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>169.08</u>	\$ <u>177.97</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:  
CHRISTOPHER RANCH III

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

Provider NPI:  
1457486110

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		\$ 6,370	\$	\$ 6,370
050	Leases and Rentals				0
055	Real Property Taxes		2,771		2,771
060	Personal Property Taxes				0
065	Mortgage Interest		12,849		12,849
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,990	\$ 0	\$ 21,990
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1,3,4	\$ 19,675	\$ 2,639	\$ 22,314
085	Utilities	3	7,609	758	8,367
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary	3	12,760	1,271	14,031
100	Personal Care and Laundry	1,3,5,6	15,930	3,879	19,809
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 55,974	\$ 8,547	\$ 64,521
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 77,964	\$ 8,547	\$ 86,511
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	7	\$ 13,000	\$ (1,000)	\$ 12,000
120	QMRP Fringe Benefits	2	3,145	(3,145)	0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	3	121,858	1,099	122,957
140	Aides Fringe Benefits	2,3,8,9,10	29,477	6,852	36,329
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 167,480	\$ 3,806	\$ 171,286

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
CHRISTOPHER RANCH III

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

Provider NPI:  
1457486110

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	3	\$ 1,054	\$ 105	\$ 1,159
165	Speech Pathology Consultant		560		560
170	Physical Therapy Consultant		650		650
175	Occupational Therapy Consultant	11	750	(150)	600
180	Pharmacist Consultant				0
185	Nurse Consultant	3,12	9,879	1,559	11,438
190	Psychologist Consultant				0
195	Physician Consultant	3	3,981	(97)	3,884
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,874	\$ 1,417	\$ 18,291
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 26,322		\$ 26,322
225	Administrative Fringe Benefits		12,557		12,557
226	Quality Assurance Fees (excluding Adult Day Services)	4	21,742	6,885	28,627
230	Other General and Administrative*** (Excluding Adult Day Services)	3,4,13,14	37,030	587	37,617
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 97,651	\$ 7,472	\$ 105,123
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 359,969	\$ 21,242	\$ 381,211
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0		\$ 0
241	Adult Day Services and Related Transportation		226,966		226,966
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 586,935	\$ 21,242	\$ 608,177

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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	
CHRISTOPHER RANCH III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1457486110	16	
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>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
1	4	080	4	2	080	3	Home Operations and Maintenance	\$19,675	(\$513)	\$19,162 *
	4	100	4	2	100	3	Personal Care and Laundry	15,930	513	16,443 *
							To reclassify social services expense to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8			
2	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$3,145	(\$3,145)	\$0
	4.1	140	4	2	140	3	Aides Fringe Benefits	29,477	3,145	32,622 *
							To adjust the provider's reclassification of fringe benefits for QMRP salaries for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
CHRISTOPHER RANCH III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1457486110		16	
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>											
3	4	080	4	2	080	3	Home Operations and Maintenance	*	\$19,162	\$3,754	\$22,916 *
	4	085	4	2	085	3	Utilities		7,609	758	8,367
	4	095	4	2	095	3	Dietary		12,760	1,271	14,031
	4	100	4	2	100	3	Personal Care and Laundry	*	16,443	3,545	19,988 *
	4.1	135	4	2	135	3	Aides Salaries		121,858	1,099	122,957
	4.1	140	4	2	140	3	Aides Fringe Benefits	*	32,622	3,189	35,811 *
	4.1	160	4	2	160	3	Dietician Consultant		1,054	105	1,159
	4.1	185	4	2	185	3	Nurse Consultant		9,879	2,441	12,320 *
	4.1	195	4	2	195	3	Physician Consultant		3,981	(97)	3,884
	4.1	230	4	2	230	3	Other General and Administrative		37,030	119	37,149 *
							To correct provider's allocation of shared expenses based on the ratio of audited client days. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
CHRISTOPHER RANCH III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1457486110		16	
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					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
4	4	080	4	2	080	3	Home Operations and Maintenance	*	\$22,916	(\$602)	\$22,314
	4.1	226	4	2	226	3	Quality Assurance Fees		21,742	6,885	28,627
	4.1	230	4	2	230	3	Other General and Administrative	*	37,149	765	37,914 *
							To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
	4	100	4	2	100	3	Personal Care and Laundry	*	\$19,988		
5	To eliminate 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)									(\$121)	
6	To adjust the reported expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									(58) (\$179)	\$19,809
7	4.1	115	4	2	115	3	QMRP Salaries		\$13,000	(\$1,000)	\$12,000
							To adjust QMRP expense to agree with the contract agreement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
CHRISTOPHER RANCH III				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1457486110		16	
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>											
	4.1	140	4	2	140	3	Aides Fringe Benefits	*	\$35,811		
8							To adjust payroll tax expense to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$1,241)	
9							To adjust vacation and holiday expenses to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			2,550	
10							To adjust workers' compensation insurance expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			<u>(791)</u> \$518	\$36,329
11	4.1	175	4	2	175	3	Occupational Therapy Consultant To adjust occupational therapy consultant 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		\$750	(\$150)	\$600
12	4.1	185	4	2	185	3	Nurse Consultant To adjust nursing consultant 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	*	\$12,320	(\$882)	\$11,438
*Balance carried forward from prior/to subsequent adjustments											

Provider Name				Fiscal Period				Provider NPI		Adjustments
CHRISTOPHER RANCH III				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1457486110		16
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>										
	4.1	230	4	2	230	3	Other General and Administrative	*	\$37,914	
13							To eliminate CAHF expenses that should have been reported on the home office cost report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$171)
14							To eliminate expenses belonging to a residential care facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(126) (\$297) \$37,617

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI	Adjustments	
CHRISTOPHER RANCH III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1457486110	16	
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 PATIENT DAYS</b>										
15	2	3	1	1	1		Medi-Cal Client Days	0	2,129	2,129 *
	2	3	2	1	2		Medi-Cal Managed Care Days To reclassify Medi-Cal Managed Care 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	2,129	(2,129)	0
16	2	3	1	1	1		Medi-Cal Client Days	* 2,129	13	2,142
	2	3	4	1	4		Total Client Days To adjust total patient 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	2,129	13	2,142

\*Balance carried forward from prior/to subsequent adjustments