REPORT
ON THE
RATE SETTING AUDIT

CIRRUS HOUSE
REDDING, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1770639668

FISCAL PERIOD ENDED
DECEMBER 31, 2011

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

Section Chief: Robert G. Kvick
Audit Supervisor: Kelly Ostrom
Auditor: Phil Perrone

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

April 30, 2013

Dana Emerson, Owner
Cirrus House
2970 Innsbruck Dr., Suite C
Redding, CA 96003

CIRRUS HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1770639668
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	335,491	$	155.54
Net Audit Adjustment		(24,337)		(11.29)
Audited Cost/Cost Per Day	$	311,154	$	144.25

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.

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—Sacramento at (916) 650-6994.

Original Signed By

Robert G. Kvick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
CIRRUS HOUSE

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

Provider NPI:
1770639668

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,157	2,157
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	2,157	2,157
5. Total Client Care Expenses (From Sch. 2)	$ 335,491	$ 311,154
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 155.54	$ 144.25
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CIRRUS HOUSE

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

Provider NPI:
1770639668

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		$	$	$ 0
050	Leases and Rentals		21,600		21,600
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		2,166		2,166
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 23,766	$ 0	$ 23,766
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	$ 7,130	$ 197	$ 7,327
085	Utilities		6,952		6,952
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		10,042		10,042
100	Personal Care and Laundry		173		173
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 24,297	$ 197	$ 24,494
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 48,063	$ 197	$ 48,260
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$	$	$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		30,838		30,838
130	Lead Fringe Benefits	2	258	(258)	0
135	Aides Salaries	3	106,685	(2,184)	104,501
140	Aides Fringe Benefits		22,496		22,496
145	Other Salaries				0
150	Other Fringe Benefits		61		61
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 160,338	$ (2,442)	$ 157,896

SUMMARY OF AUDITED FACILITY EXPENSES

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 31	$	$ 31
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		893		893
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		244		244
185	Nurse Consultant				0
190	Psychologist Consultant	4	235	(235)	0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		461		461
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 1,864	$ (235)	$ 1,629
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$	$	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		19,982		19,982
230	Other General and Administrative*** (Excluding Adult Day Services)	5	105,244	(21,857)	83,387
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 125,226	$ (21,857)	$ 103,369
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 335,491	$ (24,337)	$ 311,154
	NON-CLIENT CARE EXPENSES		(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)		$ 335,491	$ (24,337)	$ 311,154

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
CIRRUS HOUSE	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1770639668	5

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
1	4	080	4	2	080	3	Home Operations and Maintenance To adjust Home Operations and Maintenance expense to provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306	$7,130	$197	$7,327
2	4.1	130	4	2	130	3	Lead Fringe Benefits To eliminate bonuses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$258	($258)	$0
3	4.1	135	4	2	135	3	Aides Salaries To eliminate miscellaneous salary expense not related to patient care 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	$106,685	($2,184)	$104,501
4	4.1	190	4	2	190	3	Psychologist Consultant To eliminate psychologist consultant fees not included in the rate and billable separately. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(b)	$235	($235)	$0
5	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Mission Providers 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	$125,226	($21,857)	$103,369