

**REPORT
ON THE
RATE SETTING AUDIT**

**COLE HOME
HIGHLAND, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1073640363**

**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: Mandy Ho**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 2, 2013

Josephine Saxe, Administrator
Cole Home
7231 Boulder Avenue, #269
Highland, CA 92346

COLE HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1073640363
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	\$	324,728	\$ 148.28
Net Audit Adjustment		<u>(15,285)</u>	<u>(6.98)</u>
Audited Cost/Cost Per Day	\$	<u>309,443</u>	\$ <u>141.30</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:

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:
COLE HOME

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

Provider NPI:
1073640363

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
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>324,728</u>	\$ <u>309,443</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>148.28</u>	\$ <u>141.30</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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:
COLE HOME

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

Provider NPI:
1073640363

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	\$ 7,649	\$ (1,127)	\$ 6,522
050	Leases and Rentals				0
055	Real Property Taxes		1,760		1,760
060	Personal Property Taxes				0
065	Mortgage Interest		7,429		7,429
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 16,838	\$ (1,127)	\$ 15,711
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2,3	\$ 8,245	\$ (3,751)	\$ 4,494
085	Utilities	4,5	4,851	(464)	4,387
090	Client Transportation (excluding Adult Day Services)	6	6,878	(1,500)	5,378
095	Dietary	7	23,345	(278)	23,067
100	Personal Care and Laundry	8,9	1,290	(570)	720
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,609	\$ (6,563)	\$ 38,046
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 61,447	\$ (7,690)	\$ 53,757
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 34,040		\$ 34,040
120	QMRP Fringe Benefits		4,598		4,598
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		80,712		80,712
140	Aides Fringe Benefits		10,903		10,903
145	Other Salaries		15,977		15,977
150	Other Fringe Benefits		2,158		2,158
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 148,388	\$ 0	\$ 148,388

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
COLE HOME

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

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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		\$ 570	\$	\$ 570
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	10	2,800	(400)	2,400
175	Occupational Therapy Consultant		700		700
180	Pharmacist Consultant				0
185	Nurse Consultant	11	1,129	(799)	330
190	Psychologist Consultant				0
195	Physician Consultant	12	3,250	(250)	3,000
200	Recreational Consultant	13	1,430	(110)	1,320
205	Social Service Consultant				0
210	Other Consultant		1,785		1,785
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,664	\$ (1,559)	\$ 10,105
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 11,025	\$	\$ 11,025
225	Administrative Fringe Benefits		1,489		1,489
226	Quality Assurance Fees (excluding Adult Day Services)		21,345		21,345
230	Other General and Administrative*** (Excluding Adult Day Services)	14-16	69,370	(6,036)	63,334
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 103,229	\$ (6,036)	\$ 97,193
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 324,728	\$ (15,285)	\$ 309,443
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		196,162		196,162
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 520,890	\$ (15,285)	\$ 505,605

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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	
COLE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073640363	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				
ADJUSTMENTS TO REPORTED COSTS										
1	4	045	4	2	045	3	Depreciation and Amortization To properly report the actual cost of the building depreciation expense. 42 CFR 413.134 / CMS Pub. 15-1, Sections 104.9 and 104.10	\$7,649	(\$1,127)	\$6,522
	4	080	4	2	080	3	Home Operations and Maintenance	\$8,245		
2							To eliminate maintenance and supply expenses that were included as accounting corrections due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$1,397)	
3							To eliminate landscaping and other home operations and maintenance expenses 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)		<u>(2,354)</u> (\$3,751)	\$4,494
	4	085	4	2	085	3	Utilities	\$4,851		
4							To adjust gas and cell phone expenses to agree with expenses applicable to the audit period. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304		(\$151)	
5							To eliminate cable expenses due to lack of documentation and to adjust expenses to agree with expenses applicable to the audit period. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304 W&I Code 14124.2(b)		<u>(313)</u> (\$464)	\$4,387
6	4	090	4	2	090	3	Client Transportation To eliminate fuel expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$6,878	(\$1,500)	\$5,378

Provider Name							Fiscal Period	Provider NPI		Adjustments
COLE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073640363		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				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
7	4	095	4	2	095	3	Dietary To eliminate dietary expenses 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)	\$23,345	(\$278)	\$23,067
	4	100	4	2	100	3	Personal Care and Laundry	\$1,290		
8							To eliminate items not included in the routine rate. CCR, Title 22, Section 51510.2		(\$210)	
9							To adjust haircut expenses to agree with expenses applicable to the audit period. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304		(360) (\$570)	\$720
10	4.1	170	4	2	170	3	Physical Therapy Consultant To adjust physical therapy consultant expenses to agree with expenses applicable to the audit period. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	\$2,800	(\$400)	\$2,400
11	4.1	185	4	2	185	3	Nurse Consultant To eliminate lawyer and other professional service expenses 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)	\$1,129	(\$799)	\$330
12	4.1	195	4	2	195	3	Physician Consultant To adjust physician consultant expenses to agree with expenses applicable to the audit period. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	\$3,250	(\$250)	\$3,000

Provider Name				Fiscal Period				Provider NPI		Adjustments
COLE HOME				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073640363		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				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
13	4.1	200	4	2	200	3	Recreational Consultant To eliminate prior year recreational consultant fees. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	\$1,430	(\$110)	\$1,320
	4.1	230	4	2	230	3	Other General and Administrative	\$69,370		
14							To eliminate interest expenses not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2, 203, and 2102.3		(\$3,997)	
15							To eliminate meal expenses 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)		(1,050)	
16							To eliminate other general and administrative expenses from the provider's accounting corrections due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(989)</u> (\$6,036)	\$63,334