

**REPORT
ON THE
RATE SETTING AUDIT**

**DIAMOND RANCH
POMONA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1790831766**

**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: Lucia Martinez
Auditor: Margarita Gamboa**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 10, 2013

Lilly Daniel, President
Community Education Associates, Inc.
P.O. Box 90338
Long Beach, CA 90809

DIAMOND RANCH
NATIONAL PROVIDER IDENTIFIER (NPI) 1790831766
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	\$	314,048	\$ 160.89
Net Audit Adjustment		<u>(27,421)</u>	<u>(28.68)</u>
Audited Cost/Cost Per Day	\$	<u>286,627</u>	\$ <u>132.21</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$366, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status. 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.

Lilly Daniel
Page 3

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:
DIAMOND RANCH

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

Provider NPI:
1790831766

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adjs 15, 16)	0	2,168
2. Medi-Cal Managed Care Days (Adj 15)	1,952	0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,952</u>	<u>2,168</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>314,048</u>	\$ <u>286,627</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>160.89</u>	\$ <u>132.21</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 17)	\$ <u>0</u>	\$ <u>(366)</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(366)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DIAMOND RANCH

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

Provider NPI:
1790831766

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, 3	\$ 6,089	\$ (1,274)	\$ 4,815
050	Leases and Rentals	4	38,400	(38,400)	0
055	Real Property Taxes	2	0	3,430	3,430
060	Personal Property Taxes				0
065	Mortgage Interest	2	0	18,315	18,315
070	Property Insurance	1	0	687	687
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 44,489	\$ (17,242)	\$ 27,247
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5, 6	\$ 5,357	\$ (4,518)	\$ 839
085	Utilities		3,789		3,789
090	Client Transportation (excluding Adult Day Services)	1, 7	3,072	(784)	2,288
095	Dietary		12,028		12,028
100	Personal Care and Laundry	8, 9	2,076	(1,542)	534
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,322	\$ (6,844)	\$ 19,478
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,811	\$ (24,086)	\$ 46,725
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	10	111,338	(736)	110,602
140	Aides Fringe Benefits	11, 12	21,602	707	22,309
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 132,940	\$ (29)	\$ 132,911

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DIAMOND RANCH

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

Provider NPI:
1790831766

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	13	\$ 956	\$ (361)	\$ 595
165	Speech Pathology Consultant	13	865	(265)	600
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant	13	647	(247)	400
180	Pharmacist Consultant	13	375	(250)	125
185	Nurse Consultant	13	4,790	(1,132)	3,658
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant	13	90	(90)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,723	\$ (2,345)	\$ 5,378
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		25,185		25,185
230	Other General and Administrative*** (Excluding Adult Day Services)	14	77,389	(961)	76,428
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 102,574	\$ (961)	\$ 101,613
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 314,048	\$ (27,421)	\$ 286,627
	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)		\$ 314,048	\$ (27,421)	\$ 286,627

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
DIAMOND RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1790831766		17
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	070	4	2	070	3	Property Insurance	\$0	\$687	\$687		
	4	090	4	2	090	3	Client Transportation	3,072	(687)	2,385 *		
							To reclassify property insurance 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					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI	Adjustments	
DIAMOND RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790831766	17	
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.				
ADJUSTMENTS TO REPORTED COSTS										
2	4	045	4	2	045	3	Depreciation and Amortization	\$6,089	\$4,815	\$10,904 *
	4	055	4	2	055	3	Real Property Taxes	0	3,430	3,430
	4	065	4	2	065	3	Mortgage Interest	0	18,315	18,315
							To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304			
3	4	045	4	2	045	3	Depreciation and Amortization	* \$10,904	(\$6,089)	\$4,815
							To eliminate depreciation 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)			
4	4	050	4	2	050	3	Leases and Rentals	\$38,400	(\$38,400)	\$0
							To eliminate lease expenses paid to a related party. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304			
	4	080	4	2	080	3	Home Operations and Maintenance	\$5,357		
5							To eliminate gardener 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)		(\$863)	
6							To eliminate building repair 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)		(3,655) (\$4,518)	\$839

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
DIAMOND RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790831766		17	
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	090	4	2	090	3	Client Transportation To adjust facility insurance expense to agree with provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$2,385	(\$97)	\$2,288
	4	100	4	2	100	3	Personal Care and Laundry		\$2,076		
8							To eliminate other 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)			(\$675)	
9							To eliminate entertainment 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)			(867) (\$1,542)	\$534
10	4.1	135	4	2	135	3	Aides Salaries To adjust aides salaries to agree with the payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$111,338	(\$736)	\$110,602
	4.1	140	4	2	140	3	Aides Fringe Benefits		\$21,602		
11							To adjust aides benefits to agree with the payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			\$424	
12							To adjust workers compensation to agree with provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			283 \$707	\$22,309

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
DIAMOND RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1790831766		17
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>										
13	4.1	160	4	2	160	3	Dietician Consultant	\$956	(\$361)	\$595
	4.1	165	4	2	165	3	Speech Pathology Consultant	865	(265)	600
	4.1	175	4	2	175	3	Occupational Therapy Consultant	647	(247)	400
	4.1	180	4	2	180	3	Pharmacist Consultant	375	(250)	125
	4.1	185	4	2	185	3	Nurse Consultant	4,790	(1,132)	3,658
	4.1	210	4	2	210	3	Other Consultant	90	(90)	0
							To adjust consultant expenses to agree with the provider's invoices, payroll master list, disallow prior period expenses, and due to lack of documentation. 42 CFR 413.5, 413.20, and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306 W&I Code 14124.2(b)			
14	4.1	230	4	2	230	3	Other General and Administrative	\$77,389	(\$961)	\$76,428
							To adjust Time Warner and American Express reported expenses to agree with supporting documentation, and also due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name				Fiscal Period				Provider NPI		Adjustments
DIAMOND RANCH				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1790831766		17
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>										
15	2	3	2	1	2	Medi-Cal Managed Care Days	1,952	(1,952)	0	
	2	3	1	1	1	Medi-Cal Client Days	0	1,952	1,952	*
To reclassify client days to agree with the provider's census records and Fiscal Intermediary Payment Data. 42 CFR 413.20 , 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304										
16	2	3	1	1	1	Medi-Cal Client Days	* 1,952	216	2,168	
	2	3	4	1	4	Total Client Days	1,952	216	2,168	
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										

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
DIAMOND RANCH				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1790831766		17
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>ADJUSTMENT TO OTHER MATTERS</u>										
17	Not Reported			1	1		Overpayments To recover overpayments for two overstated Medi-Cal client days. 42 CFR 413.20, 413.24, 431.07, and 433.139 CMS Pub. 15-1, Section 2409 CCR, Title 22, Section 51458.1	\$0	\$366	\$366