

**REPORT
ON THE
RATE SETTING AUDIT**

**EMERALD VILLAGE
POMONA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1003962770**

**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

EMERALD VILLAGE
NATIONAL PROVIDER IDENTIFIER (NPI) 1003962770
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	\$	271,491	\$ 167.17
Net Audit Adjustment		<u>(45,743)</u>	<u>(39.12)</u>
Audited Cost/Cost Per Day	\$	<u>225,748</u>	\$ <u>128.05</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:
EMERALD VILLAGE

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

Provider NPI:
1003962770

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adjs 14, 15)	0	1,763
2. Medi-Cal Managed Care Days (Adj 14)	1,624	0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,624</u>	<u>1,763</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>271,491</u>	\$ <u>225,748</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>167.17</u>	\$ <u>128.05</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
EMERALD VILLAGE

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

Provider NPI:
1003962770

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	\$ 5,067	\$ (450)	\$ 4,617
050	Leases and Rentals	4	38,400	(38,400)	0
055	Real Property Taxes	2	0	3,452	3,452
060	Personal Property Taxes				0
065	Mortgage Interest	2	0	17,999	17,999
070	Property Insurance	1	0	652	652
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 43,467	\$ (16,747)	\$ 26,720
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5, 6	\$ 4,458	\$ (3,760)	\$ 698
085	Utilities		3,153		3,153
090	Client Transportation (excluding Adult Day Services)	1	2,556	(652)	1,904
095	Dietary		10,009		10,009
100	Personal Care and Laundry	7, 8	1,728	(1,282)	446
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 21,904	\$ (5,694)	\$ 16,210
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,371	\$ (22,441)	\$ 42,930
	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	9	92,650	(17,867)	74,783
140	Aides Fringe Benefits	10, 11	17,976	(3,836)	14,140
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 110,626	\$ (21,703)	\$ 88,923

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
EMERALD VILLAGE

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

Provider NPI:
1003962770

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	12	\$ 796	\$ (372)	\$ 424
165	Speech Pathology Consultant	12	720	346	1,066
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant	12	538	(38)	500
180	Pharmacist Consultant	12	312	(187)	125
185	Nurse Consultant	12	3,986	(473)	3,513
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant	12	75	(75)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,427	\$ (799)	\$ 5,628
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		24,665		24,665
230	Other General and Administrative*** (excluding Adult Day Services)	13	64,402	(800)	63,602
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 89,067	\$ (800)	\$ 88,267
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 271,491	\$ (45,743)	\$ 225,748
	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)		\$ 271,491	\$ (45,743)	\$ 225,748

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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
EMERALD VILLAGE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1003962770		15
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	\$652	\$652		
	4	090	4	2	090	3	Client Transportation	2,556	(652)	1,904		
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												

Provider Name							Fiscal Period	Provider NPI	Adjustments	
EMERALD VILLAGE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1003962770	15	
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										
2	4	045	4	2	045	3	Depreciation and Amortization	\$5,067	\$4,617	\$9,684 *
	4	055	4	2	055	3	Real Property Taxes	0	3,452	3,452
	4	065	4	2	065	3	Mortgage Interest 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	0	17,999	17,999
3	4	045	4	2	045	3	Depreciation and Amortization 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)	* \$9,684	(\$5,067)	\$4,617
4	4	050	4	2	050	3	Leases and Rentals To eliminate rental/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	\$38,400	(\$38,400)	\$0
	4	080	4	2	080	3	Home Operations and Maintenance	\$4,458		
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)		(\$718)	
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)		(3,042) (\$3,760)	\$698

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
EMERALD VILLAGE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1003962770		15
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>										
	4	100	4	2	100	3	Personal Care and Laundry	\$1,728		
7							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)		(\$561)	
8							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)		(721) (\$1,282)	\$446
9	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	\$92,650	(\$17,867)	\$74,783
	4.1	140	4	2	140	3	Aides Fringe Benefits	\$17,976		
10							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		(\$2,741)	
11							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		(1,095) (\$3,836)	\$14,140

Provider Name							Fiscal Period	Provider NPI		Adjustments
EMERALD VILLAGE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1003962770		15
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>										
12	4.1	160	4	2	160	3	Dietician Consultant	\$796	(\$372)	\$424
	4.1	165	4	2	165	3	Speech Pathology Consultant	720	346	1,066
	4.1	175	4	2	175	3	Occupational Therapy Consultant	538	(38)	500
	4.1	180	4	2	180	3	Pharmacist Consultant	312	(187)	125
	4.1	185	4	2	185	3	Nurse Consultant	3,986	(473)	3,513
	4.1	210	4	2	210	3	Other Consultant	75	(75)	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)			
13	4.1	230	4	2	230	3	Other General and Administrative	\$64,402	(\$800)	\$63,602
							To adjust Time Warner and American Express 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
EMERALD VILLAGE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1003962770		15
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>										
14	2	3	2	1	2	Medi-Cal Managed Care Days	1,624	(1,624)	0	
	2	3	1	1	1	Medi-Cal Client Days	0	1,624	1,624	*
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										
15	2	3	1	1	1	Medi-Cal Client Days	* 1,624	139	1,763	
	2	3	4	1	4	Total Client Days	1,624	139	1,763	
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