

**REPORT  
ON THE  
RATE SETTING AUDIT**

**EMILY ANNE CENTER, INC.  
PANORAMA CITY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1508029133**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Debra K. Blake  
Auditor: Rolando Hernandez**



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



EDMUND G. BROWN JR.  
GOVERNOR

June 28, 2013

Administrator  
Emily Anne Center, Inc.  
8679 Canterbury Avenue  
Panorama City, CA 91402

EMILY ANNE CENTER, INC.  
NATIONAL PROVIDER IDENTIFIER (NPI) 1508029133  
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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	348,881	\$ 169.77
Net Audit Adjustment		(7,003)	(3.41)
Audited Cost/Cost Per Day	\$	<u>341,878</u>	\$ <u>166.36</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 \$1,300, 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.

Administrator  
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If you have questions regarding this report, you may call the Audits Section—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

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

**Provider:**  
EMILY ANNE CENTER, INC.

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

**Provider NPI:**  
1508029133

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,055	2,055
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,055</u>	<u>2,055</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>348,881</u>	\$ <u>341,878</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>169.77</u>	\$ <u>166.36</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>0</u>	\$ <u>0</u>
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**OVERPAYMENTS**

1. Overpayments (Adj 8)	\$ <u>0</u>	\$ <u>1,300</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>1,300</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EMILY ANNE CENTER, INC.

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

Provider NPI:  
1508029133

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		\$ 3,748	\$	\$ 3,748
050	Leases and Rentals		0		0
055	Real Property Taxes	1	4,938	(103)	4,835
060	Personal Property Taxes		0		0
065	Mortgage Interest		39,417		39,417
070	Property Insurance		622		622
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 48,725	\$ (103)	\$ 48,622
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	2	\$ 3,904	\$ (277)	\$ 3,627
085	Utilities	3	8,057	(618)	7,439
090	Client Transportation (excluding Adult Day Services)	4, 5, 6	10,889	(5,785)	5,104
095	Dietary		12,917		12,917
100	Personal Care and Laundry	7	2,721	(220)	2,501
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,488	\$ (6,900)	\$ 31,588
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 87,213	\$ (7,003)	\$ 80,210
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 15,600	\$	\$ 15,600
120	QMRP Fringe Benefits		1,085		1,085
125	Lead Salaries		31,200		31,200
130	Lead Fringe Benefits		2,478		2,478
135	Aides Salaries		82,294		82,294
140	Aides Fringe Benefits		5,931		5,931
145	Other Salaries		7,150		7,150
150	Other Fringe Benefits		858		858
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 146,596	\$ 0	\$ 146,596

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EMILY ANNE CENTER, INC.

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

Provider NPI:  
1508029133

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		\$ 1,334	\$	\$ 1,334
165	Speech Pathology Consultant		2,010		2,010
170	Physical Therapy Consultant		488		488
175	Occupational Therapy Consultant		1,642		1,642
180	Pharmacist Consultant		0		0
185	Nurse Consultant		15,600		15,600
190	Psychologist Consultant		350		350
195	Physician Consultant		330		330
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 21,754	\$ 0	\$ 21,754
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 57,875	\$	\$ 57,875
225	Administrative Fringe Benefits		1,906		1,906
226	Quality Assurance Fees (excluding Adult Day Services)		17,202		17,202
230	Other General and Administrative*** (Excluding Adult Day Services)		16,335		16,335
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 93,318	\$ 0	\$ 93,318
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 348,881	\$ (7,003)	\$ 341,878
	<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		72,549		72,549
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 421,430	\$ (7,003)	\$ 414,427

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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
EMILY ANNE CENTER, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1508029133		8
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
1	4	055	4	2	055	3	Real Property Taxes To adjust property taxes to agree with the property taxes paid per the escrow bank statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,938	(\$103)	\$4,835
2	4	080	4	2	080	3	Home Operations and Maintenance To eliminate housekeeping supplies expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)	\$3,904	(\$277)	\$3,627
3	4	085	4	2	085	3	Utilities To reconcile the reported utility expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,057	(\$618)	\$7,439
	4	090	4	2	090	3	Client Transportation	\$10,889		
4							To eliminate insurance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$2,824)	
5							To eliminate Mercedes repair expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(1,782)	
6							To eliminate Honda repair expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(1,179)</u> <u>(\$5,785)</u>	\$5,104

Provider Name							Fiscal Period	Provider NPI		Adjustments
EMILY ANNE CENTER, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1508029133		8
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
7	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,721	(\$220)	\$2,501

Provider Name							Fiscal Period			Provider NPI		Adjustments
EMILY ANNE CENTER, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1508029133		8
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>ADJUSTMENT TO OTHER MATTERS</u>												
8	Not Reported			1	1		Overpayments To recover Medi-Cal payments for services paid in error. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51476 W&I Code, Section 14124.2(b)		\$0	\$1,300	\$1,300	