

**REPORT
ON THE
RATE SETTING AUDIT**

**ENRICHING I
FOUNTAIN VALLEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1114068509**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Margaret A. Varho
Auditor: Marlene Lam**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: July 2, 2013

Larry Doan, CFO
Enriching, Inc.
1500 Adams Avenue, Suite 309
Costa Mesa, CA 92626

ENRICHING I
NATIONAL PROVIDER IDENTIFIER (NPI) 1114068509
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	\$	335,607	\$ 157.05
Net Audit Adjustment		(4,634)	(2.17)
Audited Cost/Cost Per Day	\$	<u>330,973</u>	\$ <u>154.88</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 Medi-Cal Benefits, Waiver Analysis and Rates Division.

Larry Doan
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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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENRICHING I

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

Provider NPI:
1114068509

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		\$ 2,765	\$	\$ 2,765
050	Leases and Rentals				0
055	Real Property Taxes	3	1,518	1,257	2,775
060	Personal Property Taxes		106		106
065	Mortgage Interest	2	5,564	(1,469)	4,095
070	Property Insurance	4	2,337	(672)	1,665
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,290	\$ (884)	\$ 11,406
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 7,126	\$ (60)	\$ 7,066
085	Utilities		5,319		5,319
090	Client Transportation (excluding Adult Day Services)		1,995		1,995
095	Dietary	6	15,482	(142)	15,340
100	Personal Care and Laundry	7, 8, 9, 10	3,946	(1,749)	2,197
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 33,868	\$ (1,951)	\$ 31,917
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 46,158	\$ (2,835)	\$ 43,323
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 7,326	\$	\$ 7,326
120	QMRP Fringe Benefits		1,729		1,729
125	Lead Salaries		26,095		26,095
130	Lead Fringe Benefits	1	7,353	1,270	8,623
135	Aides Salaries		118,133		118,133
140	Aides Fringe Benefits	1	28,042	4,843	32,885
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 188,678	\$ 6,113	\$ 194,791

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ENRICHING I

Fiscal Period:
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1114068509

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	11	\$ 1,140	\$ (480)	\$ 660
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,959		1,959
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		708		708
185	Nurse Consultant		12,215		12,215
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		2,606		2,606
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,628	\$ (480)	\$ 18,148
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 17,823		\$ 17,823
225	Administrative Fringe Benefits	1, 13	1,844	255	2,099
226	Quality Assurance Fees (excluding Adult Day Services)		16,405		16,405
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 12, 14	46,071	(7,687)	38,384
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,143	\$ (7,432)	\$ 74,711
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 335,607	\$ (4,634)	\$ 330,973
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		150,102		150,102
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 485,709	\$ (4,634)	\$ 481,075

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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	
ENRICHING I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1114068509	14	
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	4.1	130	4	2	130	3	Lead Fringe Benefits	\$7,353	\$1,270	\$8,623
	4.1	140	4	2	140	3	Aides Fringe Benefits	28,042	4,843	32,885
	4.1	225	4	2	225	3	Administrative Fringe Benefits	1,844	689	2,533 *
	4.1	230	4	2	230	3	Other General and Administrative	46,071	(6,802)	39,269 *
							To reclassify employee's share of health insurance costs for proper matching of expenses.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
ENRICHING I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1114068509		14
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>										
2	4	065	4	2	065	3	Mortgage Interest To eliminate interest expense originated from a related party loan. 42 CFR 413.153 and 413.17 CMS Pub. 15-1, Sections 218 and 1005	\$5,564	(\$1,469)	\$4,095
3	4	055	4	2	055	3	Real Property Taxes To adjust real property taxes to agree with the property tax statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,518	\$1,257	\$2,775
4	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to reflect the amount applicable to the facility. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$2,337	(\$672)	\$1,665
5	4	080	4	2	080	3	Home Operations and Maintenance To eliminate security camera expense not pertaining to the facility for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,126	(\$60)	\$7,066
6	4	095	4	2	095	3	Dietary To correct the Provider's accounting errors. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$15,482	(\$142)	\$15,340
7	4	100	4	2	100	3	Personal Care and Laundry To eliminate house supplies expense not pertaining to the facility for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,946	(\$52)	\$3,894 *

*Balance carried forward from prior/to subsequent adjustments

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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>											
8	4	100	4	2	100	3	Personal Care and Laundry To eliminate Medicare Part D insurance premium not included in the routine rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	*	\$3,894	(\$731)	\$3,163 *
9	4	100	4	2	100	3	Personal Care and Laundry To eliminate prescription drug expense not included in the routine rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	*	\$3,163	(\$921)	\$2,242 *
10	4	100	4	2	100	3	Personal Care and Laundry To adjust pharmacy expense to agree with the invoice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$2,242	(\$45)	\$2,197
11	4.1	160	4	2	160	3	Dietician Consultant To eliminate dietician consultant expense not pertaining to the facility for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$1,140	(\$480)	\$660
12	4.1	230	4	2	230	3	Other General and Administrative To adjust CAHF membership fees to allow the amount applicable to the facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$39,269	(\$724)	\$38,545 *

*Balance carried forward from prior/to subsequent adjustments

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ENRICHING I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1114068509		14	
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	225	4	2	225	3	Administrative Fringe Benefits To adjust administrative fringe benefits to allow the amount applicable to the facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$2,533	(\$434)	\$2,099
14	4.1	230	4	2	230	3	Other General and Administrative To adjust home office costs to agree with the filed Enriching, Inc. Home Office Cost Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$38,545	(\$161)	\$38,384

*Balance carried forward from prior/to subsequent adjustments