

**REPORT
ON THE
RATE SETTING AUDIT**

**ENRICHING III
COSTA MESA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1528100302**

**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 III
NATIONAL PROVIDER IDENTIFIER (NPI) 1528100302
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	\$	308,236	\$ 141.26
Net Audit Adjustment		(2,049)	(1.00)
Audited Cost/Cost Per Day	\$	<u>306,187</u>	\$ <u>140.26</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 CENSUS
AND AUDITED CLIENT COST PER DAY**

Provider:
ENRICHING III

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

Provider NPI:
1528100302

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	0	0
2. Medi-Cal Managed Care Days (Adj 13)	2,182	2,183
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,182</u>	<u>2,183</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>308,236</u>	\$ <u>306,187</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>141.26</u>	\$ <u>140.26</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>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:
ENRICHING III

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

Provider NPI:
1528100302

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		\$	\$	\$ 0
050	Leases and Rentals		22,944		22,944
055	Real Property Taxes				0
060	Personal Property Taxes		80		80
065	Mortgage Interest				0
070	Property Insurance	2	2,337	(672)	1,665
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,361	\$ (672)	\$ 24,689
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 5,569	\$ 60	\$ 5,629
085	Utilities		4,954		4,954
090	Client Transportation (excluding Adult Day Services)		1,943		1,943
095	Dietary	4	13,419	284	13,703
100	Personal Care and Laundry	5, 6, 7	2,311	(1,432)	879
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 28,196	\$ (1,088)	\$ 27,108
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 53,557	\$ (1,760)	\$ 51,797
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 7,198	\$	\$ 7,198
120	QMRP Fringe Benefits		1,313		1,313
125	Lead Salaries		18,678		18,678
130	Lead Fringe Benefits	1	6,285	612	6,897
135	Aides Salaries		98,691		98,691
140	Aides Fringe Benefits	1	21,699	2,113	23,812
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 153,864	\$ 2,725	\$ 156,589

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENRICHING III

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

Provider NPI:
1528100302

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	8	\$ 375	\$ 240	\$ 615
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,736		1,736
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		746		746
185	Nurse Consultant		12,800		12,800
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		2,596		2,596
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,253	\$ 240	\$ 18,493
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 17,823		\$ 17,823
225	Administrative Fringe Benefits	1, 11	1,845	255	2,100
226	Quality Assurance Fees (excluding Adult Day Services)		19,032		19,032
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 9, 10, 12	43,862	(3,509)	40,353
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,562	\$ (3,254)	\$ 79,308
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 308,236	\$ (2,049)	\$ 306,187
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		104,462		104,462
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 412,698	\$ (2,049)	\$ 410,649

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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 III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1528100302	13		
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	\$6,285	\$612	\$6,897	
	4.1	140	4	2	140	3	Aides Fringe Benefits	21,699	2,113	23,812	
	4.1	225	4	2	225	3	Administrative Fringe Benefits	1,845	75	1,920 *	
	4.1	230	4	2	230	3	Other General and Administrative	43,862	(2,800)	41,062 *	
							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 III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1528100302		13
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	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
3	4	080	4	2	080	3	Home Operations and Maintenance To include security cameras expense that was expensed in Enriching I for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$5,569	\$60	\$5,629
4	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	\$13,419	\$284	\$13,703
5	4	100	4	2	100	3	Personal Care and Laundry To include house supplies expense that was expensed in Enriching I for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,311	\$52	\$2,363 *
6	4	100	4	2	100	3	Personal Care and Laundry To eliminate Medicare Part D insurance premium and camp expenses 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	* \$2,363	(\$1,065)	\$1,298 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
ENRICHING III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1528100302		13	
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	100	4	2	100	3	Personal Care and Laundry To eliminate prescription drug expenses which are 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	*	\$1,298	(\$419)	\$879
8	4.1	160	4	2	160	3	Dietician Consultant To include dietician consultant expense that was expensed in Enriching I for proper cost determination purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$375	\$240	\$615
9	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	*	\$41,062	\$241	\$41,303 *
10	4.1	230	4	2	230	3	Other General and Administrative To eliminate legal expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	*	\$41,303	(\$787)	\$40,516 *
11	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	*	\$1,920	\$180	\$2,100
12	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	*	\$40,516	(\$163)	\$40,353
*Balance carried forward from prior/to subsequent adjustments										Page 3	

Provider Name							Fiscal Period		Provider NPI		Adjustments			
ENRICHING III							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1528100302		13			
Report References							Explanation of Audit Adjustments							
Cost Report			Audit Report									As Reported	Increase (Decrease)	As Adjusted
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col								
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>														
13	2	3	2	1	2	N/A	Medi-Cal Managed Care Days	2,182	1	2,183				
	2	3	4	1	4	N/A	Total Client Days							
							To adjust Medi-Cal Managed Care and total client days to agree with the Provider's census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304							