

**REPORT
ON THE
RATE SETTING AUDIT**

**ESTRELLA'S ICF DDH
STOCKTON, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1316164379**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Gary Diffenderffer
Auditor: Lucille Ramos**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

Estrella Jose, Administrator
Estrella's ICF DDH
2482 Carpenter Road
Stockton, CA 95205

ESTRELLA'S ICF DDH
NATIONAL PROVIDER IDENTIFER (NPI) 1316164379
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	\$ 371,690	\$ 169.72
Net Audit Adjustment	<u>(35,110)</u>	<u>(16.03)</u>
Audited Cost/Cost Per Day	\$ <u>336,580</u>	\$ <u>153.69</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—Sacramento at (916) 650-6994.

Original Signed By

Robert G. Kwick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

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

Provider:
ESTRELLA'S ICF DDH

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

Provider NPI:
1316164379

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>371,690</u>	\$ <u>336,580</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>169.72</u>	\$ <u>153.69</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>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ESTRELLA'S ICF DDH

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

Provider NPI:
1316164379

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	4,5	\$ 11,167	\$ (7,178)	\$ 3,989
050	Leases and Rentals				0
055	Real Property Taxes	6	7,659	(2,319)	5,340
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	1,2,7	6,121	(3,244)	2,877
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 24,947	\$ (12,741)	\$ 12,206
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	8,9,10,11,12	\$ 25,866	\$ (8,767)	\$ 17,099
085	Utilities	13,14	11,383	(2,486)	8,897
090	Client Transportation (excluding Adult Day Services)	1,15,16,17,18	7,296	(4,008)	3,288
095	Dietary		15,826		15,826
100	Personal Care and Laundry		410		410
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 60,781	\$ (15,261)	\$ 45,520
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 85,728	\$ (28,002)	\$ 57,726
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,600	\$	\$ 12,600
120	QMRP Fringe Benefits				0
125	Lead Salaries		21,840		21,840
130	Lead Fringe Benefits	19,20	4,368	(772)	3,596
135	Aides Salaries		120,086		120,086
140	Aides Fringe Benefits	19,20	24,017	(4,241)	19,776
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 182,911	\$ (5,013)	\$ 177,898

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ESTRELLA'S ICF DDH

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

Provider NPI:
1316164379

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 810	\$	\$ 810
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant	21	120	(120)	0
185	Nurse Consultant		10,150		10,150
190	Psychologist Consultant				0
195	Physician Consultant		2,100		2,100
200	Recreational Consultant		900		900
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,080	\$ (120)	\$ 13,960
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 49,000	\$	\$ 49,000
225	Administrative Fringe Benefits	19,20	9,800	(1,730)	8,070
226	Quality Assurance Fees (excluding Adult Day Services)	3	17,957	3,316	21,273
230	Other General and Administrative*** (Excluding Adult Day Services)	2,3,22,23,24,25	12,214	(3,561)	8,653
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 88,971	\$ (1,975)	\$ 86,996
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 371,690	\$ (35,110)	\$ 336,580
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		260,521		260,521
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 632,211	\$ (35,110)	\$ 597,101

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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
ESTRELLA'S ICF DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1316164379		25
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4	070	4	2	070	3	Property Insurance	\$6,121	(\$1,686)	\$4,435 *
	4	090	4	2	090	3	Client Transportatior To reclassify automobile insurance expenses 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	7,296	1,686	8,982 *
2	4	070	4	2	070	3	Property Insurance	* \$4,435	(\$240)	\$4,195 *
	4.1	230	4	2	230	3	Other General and Administrative To reclassify general liability insurance expenses 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	12,214	240	12,454 *
3	4.1	226	4	2	226	3	Quality Assurance Fees	\$17,957	\$3,316	\$21,273
	4.1	230	4	2	230	3	Other General and Administrative To reclassify Quality Assurance Fees 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	* 12,454	(3,316)	9,138 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
ESTRELLA'S ICF DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1316164379		25
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	045	4	2	045	3	Depreciation and Amortization	\$11,167		
4							To eliminate depreciation expenses due to insufficient documentation for assets subject to DEFRA/BBA. 42 CFR 413.134, 413.20, and 413.24 CMS Pub. 15-1, Sections 104.10, 2300, and 2304		(\$11,167)	
5							To include automobile depreciation expense as a capital related cost, in conjunction with adjustment numbers 18 and 25. 42 CFR 413.5, 413.20, and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 52000(e) and 52501		3,989 (\$7,178)	\$3,989
6	4	055	4	2	055	3	Real Property Taxes To eliminate real property taxes 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)	\$7,659	(\$2,319)	\$5,340
7	4	070	4	2	070	3	Property Insurance To eliminate property insurance expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	* \$4,195	(\$1,318)	\$2,877

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
ESTRELLA'S ICF DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1316164379		25
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>											
	4	080	4	2	080	3	Home Operations and Maintenance	\$25,866			
8							To eliminate American Express 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)		(\$6,498)		
9							To eliminate Casa Furniture 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)		(663)		
10							To eliminate repair and maintenance expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(1,046)		
11							To eliminate repair and maintenance 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)		(500)		
12							To eliminate laundry expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		<u>(60)</u> (\$8,767)	\$17,099	

Provider Name				Fiscal Period				Provider NPI		Adjustments
ESTRELLA'S ICF DDH				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1316164379		25
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>										
	4	085	4	2	085	3	Utilities	\$11,383		
13							To eliminate PG&E expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(\$378)	
14							To eliminate AT&T expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		<u>(2,108)</u> (\$2,486)	\$8,897
	4	090	4	2	090	3	Client Transportation	* \$8,982		
15							To eliminate automobile fuel 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)		(\$1,419)	
16							To eliminate automobile insurance expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(1,269)	
17							To include automobile insurance expenses in conjunction with adjustment 16. 42 CFR 413.24 / CMS Pub. 15-1, Section 2102.2		830	
18							To eliminate auto lease expenses related to an asset that meets the definition of a virtual purchase, in conjunction with adjustment numbers 5 an 25. 42 CFR 413.130 / CMS Pub. 15-1, Sections 104.13 and 110B		<u>(3,836)</u> (\$5,694)	\$3,288

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
ESTRELLA'S ICF DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1316164379		25
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>										
19	4.1	130	4	2	130	3	Lead Fringe Benefits	\$4,368	(\$596)	\$3,772 *
	4.1	140	4	2	140	3	Aides Fringe Benefits	24,017	(3,275)	20,742 *
	4.1	225	4	2	225	3	Administrative Fringe Benefits	9,800	(1,336)	8,464 *
							To adjust workers' compensation to the amount allowable based upon audited payroll salary and experience modifications. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
20	4.1	130	4	2	130	3	Lead Fringe Benefits	* \$3,772	(\$176)	\$3,596
	4.1	140	4	2	140	3	Aides Fringe Benefits	* 20,742	(966)	19,776
	4.1	225	4	2	225	3	Administrative Fringe Benefits	* 8,464	(394)	8,070
							To eliminate health insurance expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2304			
21	4.1	180	4	2	180	3	Pharmacist Consultant	\$120	(\$120)	\$0
							To reconcile the reported Pharmacy Consultant costs to agree with the provider's trial balance. 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
ESTRELLA'S ICF DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1316164379		25
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>											
	4.1	230	4	2	230	3	Other General and Administrative	*	\$9,138		
22							To eliminate office supply 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)			(\$425)	
23							To eliminate Franchise Tax 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)			(450)	
24							To eliminate general liability insurance expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			(120)	
25							To include automobile interest expense in conjunction with adjustment numbers 5 and 18. 42 CFR 413.5, 413.20, and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 52000(e) and 52501			510 (\$485)	\$8,653

*Balance carried forward from prior/to subsequent adjustments