

**REPORT  
ON THE  
RATE SETTING AUDIT**

**NVDS, INC – HARPOLE HOUSE  
REDDING, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1962476432**

**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 and Firas Yaghmour**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 27, 2013

Melissa Aggi, QMRP / Administrator  
North Valley Developmental Services, Inc  
PO Box 492478.  
Redding, CA 96049

NVDS, INC – HARPOLE HOUSE  
NATIONAL PROVIDER IDENTIFER (NPI) 1962476432  
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	\$	379,987		\$ 174.71
Net Audit Adjustment		<u>(68,147)</u>		<u>(31.34)</u>
Audited Cost/Cost Per Day	\$	<u>311,840</u>		\$ <u>143.37</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Melissa Aggi  
Page 2

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. Kvick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
NVDS, INC - HARPOLE HOUSE

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

**Provider NPI:**  
1962476432

**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 )	2,175	2,175
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,175</u>	<u>2,175</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>379,987</u>	\$ <u>311,840</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>174.71</u>	\$ <u>143.37</u>

**SHARE OF COST**

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

**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:  
NVDS, INC - HARPOLE HOUSE

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

Provider NPI:  
1962476432

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		\$	\$	\$ 0
050	Leases and Rentals	1	62,333	(62,333)	0
055	Real Property Taxes	2		3,957	3,957
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 62,333	\$ (58,376)	\$ 3,957
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3,4,5	\$ 10,609	\$ (943)	\$ 9,666
085	Utilities	6	7,857	(308)	7,549
090	Client Transportation (excluding Adult Day Services)	7	3,069	(3,069)	0
095	Dietary	8,9	11,060	(405)	10,655
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 32,595	\$ (4,725)	\$ 27,870
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 94,928	\$ (63,101)	\$ 31,827
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 5,413	\$	\$ 5,413
120	QMRP Fringe Benefits		1,148		1,148
125	Lead Salaries		27,015		27,015
130	Lead Fringe Benefits		5,729		5,729
135	Aides Salaries		128,971		128,971
140	Aides Fringe Benefits		27,351		27,351
145	Licensed Nurse		17,331		17,331
150	Licensed Nurse Fringe Benefits		3,675		3,675
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 216,633	\$ 0	\$ 216,633

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NVDS, INC - HARPOLE HOUSE

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

Provider NPI:  
1962476432

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		\$ 557	\$	\$ 557
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	10	1,243	(316)	927
175	Occupational Therapy Consultant		900		900
180	Pharmacist Consultant		358		358
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		2,689		2,689
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 5,747	\$ (316)	\$ 5,431
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		22,210		22,210
230	Other General and Administrative*** (Excluding Adult Day Services)	11,12	40,469	(4,730)	35,739
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 62,679	\$ (4,730)	\$ 57,949
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 379,987	\$ (68,147)	\$ 311,840
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		207,407		207,407
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 587,394	\$ (68,147)	\$ 519,247

Page 2 of 2

\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
NVDS, INC - HARPOLE HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1962476432	12	
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				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	050	4	2	050	3	Leases and Rentals To eliminate rental expenses paid to a related part 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	\$62,333	(\$62,333)	\$0
2	4	055	4	2	055	3	Real Property Taxes To include secured property tax expense in lieu of related party rental expenses, in conjunction with adjustment 1. 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	\$3,957	\$3,957
3	4	080	4	2	080	3	Home Operations and Maintenance  To eliminate AlSCO 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)	\$10,609		
4							To eliminate landscape 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)		(133)	
5							To eliminate handyman expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(320) (\$943)	\$9,666
6	4	085	4	2	085	3	Utilities To eliminate gas 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)	\$7,857	(\$308)	\$7,549

Provider Name				Fiscal Period				Provider NPI		Adjustments
NVDS, INC - HARPOLE HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1962476432		12
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
7	4	090	4	2	090	3	Client Transportation To eliminate vehicle repair expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,069	(\$3,069)	\$0
8	4	095	4	2	095	3	Dietary  To eliminate Winco 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)	\$11,060	(\$199)	
9							To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(206)</u> (\$405)	\$10,655
10	4.1	170	4	2	170	3	Physical Therapy Consultant To eliminate Physical Therapy Consultant 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)	\$1,243	(\$316)	\$927
11	4.1	230	4	2	230	3	Other General and Administrative  To eliminate late charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1	\$40,469	(\$17)	
12							To adjust reported home office costs to agree with the NVDS, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		<u>(4,713)</u> (\$4,730)	\$35,739