

**REPORT
ON THE
RATE SETTING AUDIT**

**HERBSCENTA HOUSE
REDDING, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1174679583**

**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: Kelly Ostrom
Auditor: Janice L. Varrone**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

April 25, 2013

Dana Emerson, Owner
Herbscenta House
2970 Innsbruck Dr., Suite C
Redding, CA 96003

HERBSCENTA HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1174679583
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	\$	327,030	\$ 150.29
Net Audit Adjustment		(21,498)	(9.82)
Audited Cost/Cost Per Day	\$	<u>305,532</u>	\$ <u>140.47</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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:

John Melton, 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.

Dana Emerson
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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:
HERBSCENTA HOUSE

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

Provider NPI:
1174679583

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,176	2,175
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,176</u>	<u>2,175</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>327,030</u>	\$ <u>305,532</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>150.29</u>	\$ <u>140.47</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
OVERPAYMENTS		
1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HERBSCENTA HOUSE

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

Provider NPI:
1174679583

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		21,000		21,000
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		2,193		2,193
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,193	\$ 0	\$ 23,193
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 9,323	\$ 1,391	\$ 10,714
085	Utilities		6,736		6,736
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary	2	10,773	(12)	10,761
100	Personal Care and Laundry		89		89
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,921	\$ 1,379	\$ 28,300
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,114	\$ 1,379	\$ 51,493
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries		28,308		28,308
130	Lead Fringe Benefits	3,4	1,707	(1,167)	540
135	Aides Salaries		100,926		100,926
140	Aides Fringe Benefits	5	18,375	361	18,736
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 149,316	\$ (806)	\$ 148,510

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HERBSCENTA HOUSE

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

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1174679583

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 31	\$	\$ 31
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		893		893
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		194		194
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		114		114
205	Social Service Consultant				0
210	Other Consultant		569		569
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 1,801	\$ 0	\$ 1,801
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		19,689		19,689
230	Other General and Administrative*** (Excluding Adult Day Services)	6	106,110	(22,071)	84,039
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 125,799	\$ (22,071)	\$ 103,728
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 327,030	\$ (21,498)	\$ 305,532
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 327,030	\$ (21,498)	\$ 305,532

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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	
HERBSCENTA HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			117467583		7	
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				
ADJUSTMENTS TO REPORTED COSTS										
1	4	80	4	2	80	Home Operations and Maintenance To adjust Home Operations and Maintenance expense to provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306	\$9,323	\$1,391	\$10,714	
2	4	95	4	2	95	Dietary To adjust Dietary expense to provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306	\$10,773	(\$12)	\$10,761	
3	4.1	130	4	2	130	Lead Benefits To adjust Lead Benefits expenses to provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306	\$1,707	\$540		
4						To eliminate bonuses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		(1,707) (\$1,167)	\$540	
5	4.1	140	4	2	140	Aides Benefits To adjust Aides Benefits expense to provider's records. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306	\$18,375	\$361	\$18,736	
6	4.1	230	4	2	230	Other General and Administrative To adjust reported home office costs to agree with the Mission Providers 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	\$106,110	(\$22,071)	\$84,039	

Provider Name							Fiscal Period	Provider NPI		Adjustments
HERBSCENTA HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	117467583		7
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>ADJUSTMENT TO REPORTED CLIENT DAYS</u>										
7	2	3	4	1	1	Medi-Cal Client Days To adjust total client days to agree with the provider's patient census reports. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304	2,176	(1)	2,175	