

**REPORT ON THE
RATE SETTING AUDIT**

**KASEY'S HOME
EL CAJON, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1639392079**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Patricia M. Fox
Audit Supervisor: Sergio Gonzalez
Auditor: Peter Rodriguez**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Dariush Razavi, President
Seykat Corporation
7979 La Mesa Boulevard
La Mesa, CA 91941

KASEY'S HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1639392079
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, 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	\$	349,192	\$ 161.59
Net Audit Adjustment		(35,547)	(18.05)
Audited Cost/Cost Per Day	\$	<u>313,645</u>	\$ <u>143.54</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$2,089, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of

Dariusz Razavi
Page 2

Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status. 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—San Diego at (619) 688-3200.

Originally signed by:

Patricia M. Fox, Chief
Audits Section—San Diego
Financial Audits Branch

Certified

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

Provider:
KASEY'S HOME

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

NPI:
1639392079

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 4)	2,161	2,048
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj 5)	0	137
4. Total Client Days	<u>2,161</u>	<u>2,185</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>349,192</u>	\$ <u>313,645</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>161.59</u>	\$ <u>143.54</u>

OVERPAYMENTS

1. Share of Cost (Adj 6)	\$ 0	\$ 2,089
2. Duplicate Payments (Adj)	\$ 0	\$ 0
3. Credit Balances (Adj)	\$ 0	\$ 0
4. Total Overpayments	\$ <u>0</u>	\$ <u>2,089</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KASEY'S HOME

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

NPI:
1639392079

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		\$ 5,558	\$	\$ 5,558
050	Leases and Rentals				0
055	Real Property Taxes		4,285		4,285
060	Personal Property Taxes				0
065	Mortgage Interest		5,500		5,500
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 15,343	\$ 0	\$ 15,343
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 11,961	\$	\$ 11,961
085	Utilities		11,566		11,566
090	Client Transportation (excluding Adult Day Services)		684		684
095	Dietary	2, 3	11,503	(3,411)	8,092
100	Personal Care and Laundry		720		720
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,434	\$ (3,411)	\$ 33,023
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 51,777	\$ (3,411)	\$ 48,366
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 9,348	\$	\$ 9,348
120	QMRP Fringe Benefits		1,496		1,496
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		129,330		129,330
140	Aides Fringe Benefits		20,346		20,346
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 160,519	\$ 0	\$ 160,520

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KASEY'S HOME

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

NPI:
1639392079

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 845	\$	\$ 845
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		2,772		2,772
180	Pharmacist Consultant				0
185	Nurse Consultant	3	10,070	(988)	9,082
190	Psychologist Consultant		4,215		4,215
195	Physician Consultant				0
200	Recreational Consultant		5,137		5,137
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 23,038	\$ (988)	\$ 22,051
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	3	\$ 28,496	\$ (2,786)	\$ 25,710
225	Administrative Fringe Benefits		4,559		4,559
226	Quality Assurance Fees (excluding Adult Day Services)		34,072		34,072
230	Other General and Administrative (Excluding Adult Day Services)	3	46,731	(28,364)	18,367
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 113,858	\$ (31,150)	\$ 82,708
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 349,192	\$ (35,549)	\$ 313,645
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ (10,277)	\$	\$ (10,277)
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 338,915	\$ (35,549)	\$ 303,368

Provider Name							Fiscal Period			NPI		Adjustments
KASEY'S HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1639392079		6
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHCS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	<u>MEMORANDUM ADJUSTMENT</u>					
1							The reported cost on page 4 and 4.1, column 2 did not flow to cost report page 4 and 4.1, column 4. As a result, page 4 and 4.1, column 2 will be used as the reported amount on the audit report. This is in accordance with 42 CFR 413.20 and 413.24 and CMS Pub. 15-1, Sections 2300 and 2304.					

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	NPI	Adjustments	
KASEY'S HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1639392079	6	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
ADJUSTMENTS TO REPORTED COSTS										
2	4 of 6	095	4	2	095	Dietary To eliminate reported dietary expense due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,503	(\$2,007)	\$9,496 *	
3	4 of 6	095	4	2	095	Dietary	*	\$9,496	(\$1,404)	\$8,092
	4.1 of 6	185	4	2	185	Nurse Consultant		10,070	(988)	9,082
	4.1 of 6	220	4	2	220	Administrative Salaries		28,496	(2,786)	25,710
	4.1 of 6	230	4	2	230	Other General and Administrative To adjust the reported expense to agree with the provider's record: 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		46,731	(28,364)	18,367

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period			NPI		Adjustments
KASEY'S HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1639392079		6
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHCS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col						
<u>ADJUSTMENTS TO REPORTED CLIENT DAYS</u>												
4	2 of 6	1		1	1		Medi-Cal Client Days To adjust Medi-Cal patient days to agree with the following Fiscal Intermediary payment data: January 1, 2011 through December 31, 2011 Service Period: January 1, 2011 through January 13, 2013 Payment Period: January 29, 2013 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	2,161	(113)	2,048		
5	2 of 6	1		1	3		Other Client Days To adjust the reported other client days to agree with the provider's census report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	0	137	137		

Provider Name							Fiscal Period			NPI		Adjustments
KASEY'S HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1639392079		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Cost Report			Audit Report									
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col						
	DHCS 3076											
<u>ADJUSTMENT TO OTHER MATTERS</u>												
6	N/A			1	1	Medi-Cal Overpayments To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. CCR, Title 22, Section 51458.1	\$0	\$2,089	\$2,089			