

**REPORT  
ON THE  
RATE SETTING AUDIT**

**MAGNOLIA AVENUE  
MARYSVILLE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1871635888**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Steven Gary  
Audit Supervisor: Kelly Ostrom  
Auditor: Douglas Evans**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

December 11, 2012

Dorothy Alexander, Owner  
Magnolia Avenue  
350 Plumas Drive  
Oroville, CA 95966

MAGNOLIA AVERNUE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1871635888  
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	\$	265,099	\$ 144.00
Net Audit Adjustment		<u>(22,317)</u>	<u>(12.12)</u>
Audited Cost/Cost Per Day	\$	<u>242,782</u>	\$ <u>131.88</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.

Dorothy Alexander  
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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:

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.

If you have questions regarding this report, you may call the Audits Section—Sacramento at (916) 650-6994.

**Original Signed By**

Steven Gary, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
MAGNOLIA AVENUE

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

**Provider NPI:**  
1871635888

**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 )	1,841	1,841
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,841</u>	<u>1,841</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>265,099</u>	\$ <u>242,782</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>144.00</u>	\$ <u>131.88</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>          </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:  
MAGNOLIA AVENUE

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

Provider NPI:  
1871635888

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		\$ 1,772	\$	\$ 1,772
050	Leases and Rentals				0
055	Real Property Taxes		2,801		2,801
060	Personal Property Taxes		0		0
065	Mortgage Interest		10,861		10,861
070	Property Insurance		5,827		5,827
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,261	\$ 0	\$ 21,261
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 4,032	\$ (1,092)	\$ 2,940
085	Utilities		8,241	0	8,241
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		11,506		11,506
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 23,779	\$ (1,092)	\$ 22,687
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 45,040	\$ (1,092)	\$ 43,948
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	2	\$ 11,767	\$ (218)	\$ 11,549
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		33,239		33,239
130	Lead Benefits		0		0
135	Aides Salaries		57,694		57,694
140	Aides Benefits		0		0
145	Other Salaries	3	10,954	(10,954)	0
150	Other Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 113,654	\$ (11,172)	\$ 102,482

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
MAGNOLIA AVENUE

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

Provider NPI:  
1871635888

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		\$ 313	\$	\$ 313
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		276		276
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		14,507		14,507
190	Psychologist Consultant		700		700
195	Physician Consultant		1,602		1,602
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		552		552
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 17,950	\$ 0	\$ 17,950
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		16,244		16,244
230	Other General and Administrative*** (Excluding Adult Day Services)	4	72,211	(10,053)	62,158
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 88,455	\$ (10,053)	\$ 78,402
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 265,099	\$ (22,317)	\$ 242,782
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		7,816		7,816
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 272,915	\$ (22,317)	\$ 250,598

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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		
Magnolia Avenue		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1871635888		4		
Adj. No.	MC530 Page or Exhibit	Report References				Line	Sub No	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Line	Sch.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	80	4	2	80			\$4,032	(\$1,092)	\$2,940
Home Operations and Maintenance To eliminate maintenance supplies expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
2	4.1	115	4	2	115			\$11,767	(\$218)	\$11,549
QMRP Salaries To eliminate QMRP salaries expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
3	4.1	145	4	2	145			\$10,954	(\$10,954)	\$0
Other Salaries To eliminate other salaries - maintenance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
4	4.1	230	4	2	230			\$72,211	(\$10,053)	\$62,158
Other General and Administrative To adjust reported home office costs to agree with the Granny's House 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										