

**REPORT
ON THE
RATE SETTING AUDIT**

**CHELSEA HOME CARE
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1326180191**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Maria Delgado
Audit Supervisor: Cyrus Lam
Auditor: Diem Mi Ly**



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



EDMUND G. BROWN JR.
GOVERNOR

May 22, 2013

Margaret Rose Lanam, Administrator
Chelsea Home Care
6122 South Victoria Avenue
Los Angeles, CA 90043

PROVIDER: CHELSEA HOME CARE
NATIONAL PROVIDER IDENTIFIER (NPI): 1326180191
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	\$	306,728	\$ 159.17
Net Audit Adjustment		(46,820)	(24.29)
Audited Cost/Cost Per Day	\$	<u>259,908</u>	\$ <u>134.88</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.

Margaret Rose Lanam
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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:

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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

Margaret Rose Lanam
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cc: Arecio Briones, Consultant
Chelsea Home Care
13349 Ebell Street
Van Nuys, CA 91402

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

Provider:
CHELSEA HOME CARE

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

Provider NPI:
1326180191

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,825	1,825
2. Medi-Cal Managed Care Days (Adj)	74	74
3. Other Client Days (Adj)	28	28
4. Total Client Days	<u>1,927</u>	<u>1,927</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>306,728</u>	\$ <u>259,908</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>159.17</u>	\$ <u>134.88</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>0</u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHELSEA HOME CARE

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

Provider NPI:
1326180191

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		\$ 2,398	\$	\$ 2,398
050	Leases and Rentals				0
055	Real Property Taxes		3,630		3,630
060	Personal Property Taxes				0
065	Mortgage Interest	5	24,483	(24,483)	0
070	Property Insurance		1,267		1,267
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,778	\$ (24,483)	\$ 7,295
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 15,023	\$ (3,046)	\$ 11,977
085	Utilities		6,685		6,685
090	Client Transportation (excluding Adult Day Services)	6	10,992	(10,992)	0
095	Dietary		10,708		10,708
100	Personal Care and Laundry	2	4,217	(317)	3,900
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 47,625	\$ (14,355)	\$ 33,270
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 79,403	\$ (38,838)	\$ 40,565
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 18,000	\$	\$ 18,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		15,301		15,301
130	Lead Fringe Benefits		3,674		3,674
135	Aides Salaries		94,690		94,690
140	Aides Fringe Benefits		23,016		23,016
145	Other Salaries		700		700
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 155,381	\$ 0	\$ 155,381

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHELSEA HOME CARE

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

Provider NPI:
1326180191

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 575	\$	\$ 575
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		400		400
175	Occupational Therapy Consultant		492		492
180	Pharmacist Consultant		250		250
185	Nurse Consultant		11,750		11,750
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		75		75
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,542	\$ 0	\$ 13,542
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 13,449	\$	\$ 13,449
225	Administrative Fringe Benefits		1,738		1,738
226	Quality Assurance Fees (excluding Adult Day Services)	4	21,769	(5,372)	16,397
230	Other General and Administrative*** (Excluding Adult Day Services)	3	21,446	(2,610)	18,836
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 58,402	\$ (7,982)	\$ 50,420
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 306,728	\$ (46,820)	\$ 259,908
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		163,411		163,411
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 470,139	\$ (46,820)	\$ 423,319

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

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
CHELSEA HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1326180191		6
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	080	4	2	080	3	Home Operations and Maintenance To adjust the reported expenses to agree with the invoice: 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$15,023	(\$3,046)	\$11,977
2	4	100	4	2	100	3	Personal Care and Laundry To adjust the reported personal care and laundry expenses to agree with the invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,217	(\$317)	\$3,900
3	4.1	230	4	2	230	3	Other General and Administrative To adjust the reported other general and administrative expenses to agree with the supporting documents 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$21,446	(\$2,610)	\$18,836
4	4.1	226	4	2	226	3	Quality Assurance Fees To adjust the reported QA fees to agree with the provider' documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$21,769	(\$5,372)	\$16,397
5	4	065	4	2	065	3	Mortgage Interest To eliminate mortgage interest 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)	\$24,483	(\$24,483)	\$0

Provider Name							Fiscal Period	Provider NPI		Adjustments
CHELSEA HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1326180191		6
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>										
6	4	090	4	2	090	3	Client Transportation To eliminate client transportation 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)	\$10,992	(\$10,992)	\$0