

**REPORT
ON THE
RATE SETTING AUDIT**

**PECK HOUSE
TORRANCE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1861618340**

**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: Ginn Sampson
Auditor: Nicholas Lui**



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



EDMUND G. BROWN JR.
GOVERNOR

June 24, 2013

Dana Simon, Administrator
Peck House
2630 Dalemead Street
Torrance, CA 90505

PECK HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI): 1861618340
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	\$	319,939	\$ 175.31
Net Audit Adjustment		<u>22,357</u>	<u>12.25</u>
Audited Cost/Cost Per Day	\$	<u>342,296</u>	\$ <u>187.56</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.

Dana Simon
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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

Dana Simon
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cc: Patricia Hoskins
Frederick Hoskins, Inc.
14365 Foothill Boulevard, # 6
Sylmar, CA 91342

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

Provider:
PECK HOUSE

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

Provider NPI:
1861618340

**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)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,825</u>	<u>1,825</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>319,939</u>	\$ <u>342,296</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>175.31</u>	\$ <u>187.56</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:
PECK HOUSE

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

Provider NPI:
1861618340

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	6	\$ 1,839	\$ (1,839)	\$ 0
050	Leases and Rentals		34,980		34,980
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	7	3,516	(3,246)	270
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 40,335	\$ (5,085)	\$ 35,250
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	10	\$ 9,264	(1,751)	\$ 7,513
085	Utilities	9	4,266	(729)	3,537
090	Client Transportation (excluding Adult Day Services)	12, 13	4,395	(2,753)	1,642
095	Dietary		9,690		9,690
100	Personal Care and Laundry	11	2,282	(1,265)	1,017
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 29,897	\$ (6,498)	\$ 23,399
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,232	\$ (11,583)	\$ 58,649
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	1	\$ 24,000	(1,000)	\$ 23,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		19,466		19,466
130	Lead Fringe Benefits		1,860		1,860
135	Aides Salaries	8	91,909	4,954	96,863
140	Aides Fringe Benefits	8	15,868	(4,858)	11,010
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 153,103	\$ (904)	\$ 152,199

The provider inaccurately reported \$58,063 in line 075 in the cost report, which affects the total costs after line 235.

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PECK HOUSE

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

Provider NPI:
1861618340

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	2	\$ 400	\$ (100)	\$ 300
165	Speech Pathology Consultant		2,050		2,050
170	Physical Therapy Consultant	3	688	(55)	633
175	Occupational Therapy Consultant		600		600
180	Pharmacist Consultant		360		360
185	Nurse Consultant	4	11,700	(900)	10,800
190	Psychologist Consultant		980		980
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,778	\$ (1,055)	\$ 15,723
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	5	\$ 0	50,497	\$ 50,497
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		51,428		51,428
230	Other General and Administrative*** (Excluding Adult Day Services)	14	28,398	(14,598)	13,800
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 79,826	\$ 35,899	\$ 115,725
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 319,939	\$ 22,357	\$ 342,296
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		228,870		228,870
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 548,809	\$ 22,357	\$ 571,166

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

*** List allocated administrative costs on Line 230

Provider Name				Fiscal Period				Provider NPI		Adjustments
PECK HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1861618340		14
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	4.1	115	4	2	115	3	QMRP Salaries To adjust QMRP consultant expense to agree with expense applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$24,000	(\$1,000)	\$23,000
2	4.1	160	4	2	160	3	Dietician Consultant To adjust dietary consultant expense to agree with expense applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$400	(\$100)	\$300
3	4.1	170	4	2	170	3	Physical Therapy Consultant To adjust physical therapy consultant expense to agree with expense applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$688	(\$55)	\$633
4	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense to agree with expense applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$11,700	(\$900)	\$10,800
5	4.1	220	4	2	220	3	Administrative Salaries To adjust home office costs to agree with the filed Frederick I. Hoskin Inc. Home Office Cost Report for fiscal period ended December 31, 2011 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2306	\$0	\$50,497	\$50,497

Provider Name							Fiscal Period	Provider NPI		Adjustments
PECK HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1861618340		14
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										
6	4	045	4	2	045	3	Depreciation and Amortization To eliminate depreciation costs due to accounting error. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,839	(\$1,839)	\$0
7	4	070	4	2	070	3	Property Insurance To adjust property insurance to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$3,516	(\$3,246)	\$270
8	4.1	135	4	2	135	3	Aides Salaries	\$91,909	\$4,954	\$96,863
	4.1	140	4	2	140	3	Aides Fringe Benefits To adjust reported aides salaries and benefits expenses to agree with provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	15,868	(4,858)	11,010
9	4	085	4	2	085	3	Utilities To adjust utilities expenses to agree with provider's records and to agree with expenses applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$4,266	(\$729)	\$3,537
10	4	080	4	2	080	3	Home Operations and Maintenance To adjust home operation and maintenance expenses to agree with provider's records and to agree with expenses applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$9,264	(\$1,751)	\$7,513

Provider Name							Fiscal Period	Provider NPI		Adjustments
PECK HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1861618340		14
Adj. No.	Report References			Audit Report			Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
ADJUSTMENTS TO REPORTED COSTS										
11	4	100	4	2	100	3	Personal Care and Laundry To adjust personal care expenses to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$2,282	(\$1,265)	\$1,017
12	4	090	4	2	090	3	Client Transportation To adjust 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)	\$4,395	(\$1,864)	\$2,531 *
13	4	090	4	2	090	3	Client Transportation To adjust transportation expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	* \$2,531	(\$889)	\$1,642
14	4.1	230	4	2	230	3	Other General and Administrative To adjust administration expenses to agree with provider's records and expense applicable to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$28,398	(\$14,598)	\$13,800

*Balance carried forward from prior/to subsequent adjustments