

**REPORT
ON THE
RATE SETTING AUDIT**

**PEARL GATES HOME
SANGER, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1396928727**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Pawandeep Boparai**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

Dale W. Martinez, Administrator
Pearl Gates Home
1630 Manning Avenue
Reedley, CA 93654

PEARL GATES HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1396928727
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	\$	274,298	\$ 125.25
Net Audit Adjustment		(5,751)	(2.63)
Audited Cost/Cost Per Day	\$	<u>268,547</u>	\$ <u>122.62</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 \$318, which resulted from Medi-Cal overpayments

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

Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement 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 Medi-Cal Benefits, Waiver Analysis and Rates 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.

Dale W. Martinez
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed By

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

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

Provider:
PEARL GATES HOME

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

Provider NPI:
1396928727

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>274,298</u>	\$ <u>268,547</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>125.25</u>	\$ <u>122.62</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
OVERPAYMENTS		
1. Medi-Cal Overpayments (Adj 12)	\$ <u>0</u>	\$ <u>(318)</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(318)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PEARL GATES HOME

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

Provider NPI:
1396928727

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	\$	\$ 0
050	Leases and Rentals		0		0
055	Real Property Taxes		1,983		1,983
060	Personal Property Taxes		0		0
065	Mortgage Interest		1,484		1,484
070	Property Insurance		519		519
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 3,986	\$ 0	\$ 3,986
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	6,7	\$ 5,058	\$ (304)	\$ 4,754
085	Utilities		11,410		11,410
090	Client Transportation (excluding Adult Day Services)	4,5	6,623	(751)	5,872
095	Dietary	10,11	12,269	(526)	11,743
100	Personal Care and Laundry		42		42
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 35,402	\$ (1,581)	\$ 33,821
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 39,388	\$ (1,581)	\$ 37,807
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 0	\$	\$ 0
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		34,697		34,697
130	Lead Fringe Benefits		8,306		8,306
135	Aides Salaries		78,469		78,469
140	Aides Fringe Benefits		18,953		18,953
145	Other Salaries	1	0	12,480	12,480
150	Other Fringe Benefits	1	0	2,936	2,936
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 140,425	\$ 15,416	\$ 155,841

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PEARL GATES HOME

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

Provider NPI:
1396928727

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	3	\$ 888	\$ (573)	\$ 315
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		800		800
185	Nurse Consultant	1	15,416	(15,416)	0
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		975		975
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,079	\$ (15,989)	\$ 2,090
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0		\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		16,253		16,253
230	Other General and Administrative*** (Excluding Adult Day Services)	2,8,9	60,153	(3,597)	56,556
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 76,406	\$ (3,597)	\$ 72,809
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 274,298	\$ (5,751)	\$ 268,547
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		260,342		260,342
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 534,640	\$ (5,751)	\$ 528,889

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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
PEARL GATES HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1396928727		12
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.						
RECLASSIFICATION OF REPORTED COSTS												
1	4.1	145	4	2	145	3	Other Salaries	\$0	\$12,480	\$12,480		
	4.1	150	4	2	150	3	Other Benefits	0	2,936	2,936		
	4.1	185	4	2	185	3	Nurse Consultant	15,416	(15,416)	0		
							To reclassify nurse's salary and benefit expenses to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8					

Provider Name							Fiscal Period	Provider NPI		Adjustments
PEARL GATES HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1396928727		12
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
2	4.1	230	4	2	230	3	Other General and Administrative To adjust facility license renewal fees to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$60,153	(\$2,548)	\$57,605 *
3	4.1	160	4	2	160	3	Dietitian Consultant To eliminate the dietitian consultant expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$888	(\$573)	\$315
	4	090	4	2	090	3	Client Transportation	\$6,623		
4							To eliminate auto repair expense due to insufficient and/or lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(\$309)	
5							To eliminate auto repair expense for a vehicle that is not used at the facility. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2105 and 2304		(442) (\$751)	\$5,872

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
PEARL GATES HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1396928727		12
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>										
	4	080	4	2	080	3	Home Operations and Maintenance	\$5,058		
6							To eliminate clothing and personal supplies expense that are not included in the daily rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		(\$82)	
7							To eliminate miscellaneous 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)		(222) (\$304)	\$4,754
	4.1	230	4	2	230	3	Other General and Administrative	* \$57,605		
8							To eliminate bank service charges expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(\$402)	
9							To eliminate training expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(647) (\$1,049)	\$56,556

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
PEARL GATES HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1396928727		12
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>											
	4	095	4	2	095	3	Dietary	\$12,269			
10							To eliminate clothing and personal supplies expense that are not included in the daily rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		(\$123)		
11							To eliminate dietary expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(403) (\$526)	\$11,743	

Provider Name							Fiscal Period			Provider NPI		Adjustments
PEARL GATES HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1396928727		12
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 OTHER MATTERS</u>												
12	N/A			1	1	2	Medi-Cal Overpayments To recover Medi-Cal overpayments related to leave of absence days billed as regular client days. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 51510.2 and 51535	\$0	\$318	\$318		