

**REPORT ON THE  
RATE SETTING AUDIT**

**SHASTA HOME  
LA MESA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1134342520**

**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

SHASTA HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1134342520  
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	\$	337,979	\$ 158.23
Net Audit Adjustment		(26,655)	(12.48)
Audited Cost/Cost Per Day	\$	<u>311,324</u>	\$ <u>145.75</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.

Dariusz Razavi  
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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—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:**  
SHASTA HOME

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

**NPI:**  
1134342520

**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 5)	2,136	2,115
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 6)	0	21
4. Total Client Days	<u>2,136</u>	<u>2,136</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>337,979</u>	\$ <u>311,324</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>158.23</u>	\$ <u>145.75</u>

**OVERPAYMENTS**

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

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SHASTA HOME

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

NPI:  
1134342520

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	2, 4	\$ 5,545	\$ 6,009	\$ 11,554
050	Leases and Rentals				0
055	Real Property Taxes		10,823		10,823
060	Personal Property Taxes				0
065	Mortgage Interest	2, 3	5,513	(5,513)	0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,881	\$ 496	\$ 22,377
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 4,488	\$	\$ 4,488
085	Utilities		8,775		8,775
090	Client Transportation (excluding Adult Day Services)		178		178
095	Dietary	3	10,286	(753)	9,533
100	Personal Care and Laundry		2,730		2,730
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,457	\$ (753)	\$ 25,704
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 48,338	\$ (257)	\$ 48,081
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 9,348	\$	\$ 9,348
120	QMRP Fringe Benefits		1,309		1,309
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		126,850		126,850
140	Aides Fringe Benefits		18,611		18,611
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 156,117	\$ 0	\$ 156,118

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SHASTA HOME

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

NPI:  
1134342520

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		\$ 860	\$	\$ 860
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		9,082		9,082
190	Psychologist Consultant		1,810		1,810
195	Physician Consultant				0
200	Recreational Consultant		2,348		2,348
205	Social Service Consultant	2	0	5,136	5,136
210	Other Consultant	2	5,136	(5,136)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,008	\$ 0	\$ 22,008
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	4	\$ 25,573	\$ 137	\$ 25,710
225	Administrative Fringe Benefits		3,116		3,116
226	Quality Assurance Fees (excluding Adult Day Services)		34,575		34,575
230	Other General and Administrative (Excluding Adult Day Services)	4	48,252	(26,536)	21,716
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 111,516	\$ (26,399)	\$ 85,117
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 337,979	\$ (26,656)	\$ 311,324
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ (8,456)	\$	\$ (8,456)
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 329,524	\$ (26,656)	\$ 302,868

Provider Name							Fiscal Period			NPI		Adjustments
SHASTA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1134342520		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.					

Provider Name							Fiscal Period	NPI		Adjustments
SHASTA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1134342520		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				
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>										
2	4.1 of 6	045	4	2	045	Depreciation and Amortization	\$5,545	(\$5,545)	\$0 *	
	4.1 of 6	210	4	2	210	Other Consultant	5,136	(5,136)	0	
	4.1 of 6	065	4	2	065	Mortgage Interest	5,513	5,545	11,058 *	
	4.1 of 6	205	4	2	205	Social Service Consultant	0	5,136	5,136	
To adjust reported expenses to agree with the provider's record: 42 CFR 413.20 and 413.24 CMS Pub. 15-1 Sections 2300 and 2304										

\*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	NPI	Adjustments		
SHASTA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1134342520	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					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
3	4 of 6	065	4	2	065	Mortgage Interest	*	\$11,058	(\$11,058)	\$0	
	4 of 6	095	4	2	095	Dietary		10,286	(753)	9,533	
To eliminate mortgage interest and dietary expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											
4	4 of 6	045	4	2	045	Depreciation and Amortization	*	\$0	\$11,554	\$11,554	
	4.1 of 6	220	4	2	220	Administrative Salaries		25,573	137	25,710	
	4.1 of 6	230	4	2	230	Other General and Administrative		48,252	(26,536)	21,716	
To adjust reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			NPI		Adjustments
SHASTA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1134342520		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						
<b>ADJUSTMENTS TO REPORTED CLIENT DAYS</b>												
5	2 of 6	1		1	1		Medi-Cal Client Days To adjust Medi-Cal client 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 <del>Report Date:</del> and 413.24 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	2,136	(21)	2,115		
6	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	21	21		