

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SAFE HARBOR RESIDENTIAL SERVICES – BIRCH  
HANFORD, CALIFORNIA  
NATIONAL PROVIDER NUMBER: 1265575914**

**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: Kathryn Rodrigues**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 26, 2013

Gwendolyn Smith  
Corporate Officer  
Safe Harbor Residential Services, Inc.  
318-A E 4<sup>th</sup> Street  
Hanford, CA 93230

SAFE HARBOR RESIDENTIAL SERVICES - BIRCH  
NATIONAL PROVIDER IDENTIFIER (NPI) 1265575914  
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	\$	367,511	\$ 167.81
Net Audit Adjustment		<u>(33,709)</u>	<u>(15.39)</u>
Audited Cost/Cost Per Day	\$	<u>333,802</u>	\$ <u>152.42</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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.

Gwendolyn Smith  
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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:**  
SAFE HARBOR RESIDENTIAL SERVICES - BIRCH

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

**Provider NPI:**  
1265575914

**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 )	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>367,511</u>	\$ <u>333,802</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>167.81</u>	\$ <u>152.42</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:  
SAFE HARBOR RESIDENTIAL SERVICES - BIRCH

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

Provider NPI:  
1265575914

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		\$ 0	\$	\$ 0
050	Leases and Rentals		0		0
055	Real Property Taxes	1	(1,230)	3,317	2,087
060	Personal Property Taxes		0		0
065	Mortgage Interest	2	5,591	(438)	5,153
070	Property Insurance		3,714		3,714
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,075	\$ 2,879	\$ 10,954
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3	\$ 11,473	\$ (526)	\$ 10,947
085	Utilities		8,294		8,294
090	Client Transportation (excluding Adult Day Services)	4	6,880	(3,600)	3,280
095	Dietary		13,843		13,843
100	Personal Care and Laundry		0		0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,490	\$ (4,126)	\$ 36,364
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 48,565	\$ (1,247)	\$ 47,318
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 14,120	\$	\$ 14,120
120	QMRP Fringe Benefits		5,242		5,242
125	Lead Salaries		8,070		8,070
130	Lead Fringe Benefits		3,038		3,038
135	Aides Salaries		123,808		123,808
140	Aides Fringe Benefits		31,614		31,614
145	Other Salaries		12,324		12,324
150	Other Fringe Benefits		2,808		2,808
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 201,024	\$ 0	\$ 201,024

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAFE HARBOR RESIDENTIAL SERVICES - BIRCH

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

Provider NPI:  
1265575914

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		\$ 1,684	\$	\$ 1,684
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		270		270
185	Nurse Consultant	5	3,735	(755)	2,980
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		1,500		1,500
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,189	\$ (755)	\$ 6,434
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 18,622	\$	\$ 18,622
225	Administrative Fringe Benefits		4,419		4,419
226	Quality Assurance Fees (excluding Adult Day Services)	1	23,231	(3,317)	19,914
230	Other General and Administrative*** (Excluding Adult Day Services)	6	64,461	(28,390)	36,071
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 110,733	\$ (31,707)	\$ 79,026
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 367,511	\$ (33,709)	\$ 333,802
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 367,511	\$ (33,709)	\$ 333,802

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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
SAFE HARBOR RESIDENTIAL SERVICES - BIRCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1265575914		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				
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>										
1	4	055	4	2	055	3	Real Property Taxes	(\$1,230)	\$3,317	\$2,087
	4.1	226	4	2	226	3	Quality Assurance Fees	23,231	(3,317)	19,914
							To reclassify a credit amount related to Quality Assurance Fees for proper cost reporting. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAFE HARBOR RESIDENTIAL SERVICES - BIRCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1265575914		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				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	065	4	2	065	3	Mortgage Interest To adjust reported mortgage interest expense to agree with the provider's amortization schedule. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 202.2, 2300 and 2304	\$5,591	(\$438)	\$5,153
3	4	080	4	2	080	3	Home Operations and Maintenance To eliminate prescription drugs costs 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(b)	\$11,473	(\$526)	\$10,947
4	4	090	4	2	090	3	Client Transportation To eliminate related party auto lease expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 1005, 2300 and 2304	\$6,880	(\$3,600)	\$3,280
5	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,735	(\$755)	\$2,980
6	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Safe Harbor Residential Services, Inc. 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	\$64,461	(\$28,390)	\$36,071