

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SAFE HARBOR RESIDENTIAL SERVICES -  
FARGO  
HANFORD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER:  
1710109814  
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

Gwendolyn Smith  
Corporate Officer  
Safe Harbor Residential Services  
318 E 4<sup>th</sup> St  
Hanford, CA 93230

SAFE HARBOR RESIDENTIAL SERVICES - FARGO  
NATIONAL PROVIDER IDENTIFIER (NPI) 1710109814  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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	\$	362,550	\$ 165.55
Net Audit Adjustment		(31,665)	(14.46)
Audited Cost/Cost Per Day	\$	<u>330,885</u>	\$ <u>151.09</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 \$231, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

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.

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 - FARGO

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

**Provider NPI:**  
1710109814

**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>362,550</u>	\$ <u>330,885</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>165.55</u>	\$ <u>151.09</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 11,12)	\$ <u>NA</u>	\$ <u>(231)</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 - FARGO

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

Provider NPI:  
1710109814

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	2	(1,530)	3,317	1,787
060	Personal Property Taxes		0		0
065	Mortgage Interest		7,242		7,242
070	Property Insurance	4	3,714	(168)	3,546
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 9,426	\$ 3,149	\$ 12,575
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	6,7,8	\$ 12,983	\$ (239)	\$ 12,744
085	Utilities		8,877		8,877
090	Client Transportation (excluding Adult Day Services)	5	5,717	(2,700)	3,017
095	Dietary	3	13,451	(333)	13,118
100	Personal Care and Laundry	3	0	333	333
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,028	\$ (2,939)	\$ 38,089
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,454	\$ 210	\$ 50,664
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	1	\$ 13,962	\$	\$ 13,962
120	QMRP Fringe Benefits		6,135		6,135
125	Lead Salaries		7,565		7,565
130	Lead Fringe Benefits		2,718		2,718
135	Aides Salaries		124,383		124,383
140	Aides Fringe Benefits		29,800		29,800
145	Other Salaries		10,954		10,954
150	Other Fringe Benefits		2,447		2,447
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 197,964	\$ 0	\$ 197,964

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAFE HARBOR RESIDENTIAL SERVICES - FARGO

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

Provider NPI:  
1710109814

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		\$ 1,151	\$	\$ 1,151
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		140		140
185	Nurse Consultant	9	2,283	(168)	2,115
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)		\$ 5,074	\$ (168)	\$ 4,906
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 17,625	\$	\$ 17,625
225	Administrative Fringe Benefits		4,139		4,139
226	Quality Assurance Fees (excluding Adult Day Services)	2	22,833	(3,317)	19,516
230	Other General and Administrative*** (Excluding Adult Day Services)	10	64,461	(28,390)	36,071
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 109,058	\$ (31,707)	\$ 77,351
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 362,550	\$ (31,665)	\$ 330,885
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 362,550	\$ (31,665)	\$ 330,885

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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 - FARGO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1710109814		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				
<b><u>MEMORANDUM ADJUSTMENT</u></b>										
1	4.1	115	4	2	115	1	QMRP Salaries To correct the provider's footing error. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$13,692	\$270	\$13,962

Provider Name							Fiscal Period	Provider NPI	Adjustments		
SAFE HARBOR RESIDENTIAL SERVICES - FARGO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1710109814	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					
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>											
2	4	055	4	2	055	2	Real Property Taxes	(\$1,530)	\$3,317	\$1,787	
	4.1	226	4	2	226	2	Quality Assurance Fees	22,833	(3,317)	19,516	
							To reclassify quality assurance fees credit to the appropriate cos center.				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2300 and 2304				
3	4	095	4	2	095	2	Dietary	\$13,451	(\$333)	\$13,118	
	4	100	4	2	100	2	Personal Care and Laundry	0	333	333	
							To reclassify personal care and laundry costs to the appropriate cost center for proper cost determination.				
							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 - FARGO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1710109814		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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
4	4	070	4	2	070	2	Property Insurance To adjust property insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,714	(\$168)	\$3,546
5	4	090	4	2	090	2	Client Transportation To eliminate related party automobile lease expense. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 1005, 2300 and 2304	\$5,717	(\$2,700)	\$3,017
	4	080	4	2	080	2	Home Operations and Maintenance	\$12,983		
6							To eliminate prescription drugs costs not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2(b)		(\$96)	
7							To eliminate facility supplies - other 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)		(117)	
8							To adjust facility supplies - other expense to agree with expenses applicable to audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		(26) (\$239)	\$12,744

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAFE HARBOR RESIDENTIAL SERVICES - FARGO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1710109814		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				
<b><u>ADJUSTMENT TO REPORTED COSTS</u></b>										
9	4.1	185	4	2	185	2	Nurse Consultant To eliminate 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	\$2,283	(\$168)	\$2,115
10	4.1	230	4	2	230	3	Other General and Administrative To adjust 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 CMS Pub. 15-1, Sections 2150.2 and 2304	\$64,461	(\$28,390)	\$36,071

Provider Name							Fiscal Period			Provider NPI		Adjustments	
SAFE HARBOR RESIDENTIAL SERVICES - FARGO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1710109814		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 OTHER MATTERS</u>													
	N/A			1	1	2	Amount Due State			\$0			
11							To recover overbillings for Medi-Cal List of Contract Drugs that were charged to patient share of cost that are separately billable and payable by the Medi-Cal program. CCR, Title 22, Sections 51313(b) and 51510.2(b)(4)			\$198			
12							To recover overbillings for unknown items charged to patient share of cost due to lack of supporting documentation. CCR, Title 22, Section 51476			<u>33</u> \$231		\$231	