

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SISTERS AND SISTERS – TRADING INC.  
DIAMOND BAR, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1710190012**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Margaret A. Varho  
Audit Supervisor: Henry Igboke  
Auditor: Ted Ha**



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



EDMUND G. BROWN JR.  
GOVERNOR

Date: December 18, 2012

Tita De Guzman, Administrator  
Tita De Guzman Insurance Agency, Inc.  
1200 S. Diamond Bar Blvd. # 212  
Diamond Bar, CA 91765

SISTERS AND SISTERS – TRADING, INC.  
NATIONAL PROVIDER IDENTIFIER (NPI) 1710190012  
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	\$	168,951	\$ 192.87
Net Audit Adjustment		<u>(17,723)</u>	<u>(21.22)</u>
Audited Cost/Cost Per Day	\$	<u>151,228</u>	\$ <u>171.65</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 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. If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

**(Original signed by Margaret Varho)**

Margaret A. Varho, Chief  
Audits Section—Santa Ana  
Financial Audits Branch

Certified

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

**Provider:**  
SISTERS AND SISTERS - TRADING, INC.

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

**Provider NPI:**  
1710190012

**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 6 )	876	881
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>876</u>	<u>881</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>168,951</u>	\$ <u>151,228</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>192.87</u>	\$ <u>171.65</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:  
SISTERS AND SISTERS - TRADING, INC.

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

Provider NPI:  
1710190012

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		\$ 7,282	\$	\$ 7,282
050	Leases and Rentals				0
055	Real Property Taxes		3,984		3,984
060	Personal Property Taxes				0
065	Mortgage Interest	1	8,366	(3,224)	5,142
070	Property Insurance		717		717
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 20,349	\$ (3,224)	\$ 17,125
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 8,074	\$	\$ 8,074
085	Utilities		3,946		3,946
090	Client Transportation (excluding Adult Day Services)		50		50
095	Dietary		5,025		5,025
100	Personal Care and Laundry		35		35
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 17,130	\$ 0	\$ 17,130
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 37,479	\$ (3,224)	\$ 34,255
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,250	\$	\$ 13,250
120	QMRP Fringe Benefits				0
125	Lead Salaries		16,256		16,256
130	Lead Fringe Benefits		2,867		2,867
135	Aides Salaries		36,740		36,740
140	Aides Fringe Benefits		6,670		6,670
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 75,783	\$ 0	\$ 75,783

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SISTERS AND SISTERS - TRADING, INC.

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

Provider NPI:  
1710190012

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		\$ 480	\$	\$ 480
165	Speech Pathology Consultant		520		520
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		800		800
180	Pharmacist Consultant		500		500
185	Nurse Consultant	2	11,275	(5,986)	5,289
190	Psychologist Consultant		2,600		2,600
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)		\$ 16,175	\$ (5,986)	\$ 10,189
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 12,043	\$	\$ 12,043
225	Administrative Fringe Benefits		1,332		1,332
226	Quality Assurance Fees (excluding Adult Day Services)		7,170		7,170
230	Other General and Administrative*** (Excluding Adult Day Services)	3,4,5	18,969	(8,513)	10,456
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 39,514	\$ (8,513)	\$ 31,001
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 168,951	\$ (17,723)	\$ 151,228
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		2,797		2,797
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 171,748	\$ (17,723)	\$ 154,025

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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
SISTERS AND SISTERS - TRADING, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1710190012		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>										
1	4	065	4	2	065	3	Mortgage Interest To adjust mortgage interest expense to agree with the Mortgage Interest Statement 42 CFR 413.20 and 413.153 CMS Pub. 15-1, Sections 202.2 and 2304	\$8,366	(\$3,224)	\$5,142
2	4.1	185	4	2	185	3	Nurse Consultant To eliminate prior year's nurse consultant expense. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$11,275	(\$5,986)	\$5,289
3	4.1	230	4	2	230	3	Other General and Administrative To reflect the proper accrual of Department of Public Health licensing fees applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$18,969	(\$383)	\$18,586 *
4	4.1	230	4	2	230	3	Other General and Administrative To eliminate legal cost not related to patient care activities. 42 CFR 405.2468(a) and 413.9(b)(2) CMS Pub. 15-1, Sections 2102.3 and 2135.2	* \$18,586	(\$7,170)	\$11,416 *
5	4.1	230	4	2	230	3	Other General and Administrative To abate miscellaneous revenue against related cost. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328	* \$11,416	(\$960)	\$10,456

Provider Name				Fiscal Period				Provider NPI		Adjustments
SISTERS AND SISTERS - TRADING, INC.				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1710190012		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				
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>										
6	2	3	N/A	1	1	N/A	Client Days - Medi-Cal To include bedhold days to agree with the provider's patient census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	876	5	881