

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SOLARI RANCH  
STOCKTON, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1659596856**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Delia Valencia  
Auditor: Ellada Kalachov**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 11, 2013

Janet Rios, Administrator  
Casa del Rios Habilitation Services, Inc.  
5541 Solari Ranch Road  
Stockton, CA 95215

SOLARI RANCH  
NATIONAL PROVIDER IDENTIFIER (NPI) 1659596856  
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	\$	986,379		\$ 180.16
Net Audit Adjustment		(288,935)		(52.74)
Audited Cost/Cost Per Day	\$	<u>697,444</u>		\$ <u>127.42</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 \$1,430, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statements 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 Fee-For-Service Rates Development 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.

Janet Rios  
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If you have questions regarding this report, you may call the Audits Section—  
Sacramento (916) 650-6994.

**Original Signed By**

Robert G. Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
SOLARI RANCH

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

**Provider NPI:**  
1659596856

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	5,428	5,428
2. Medi-Cal Managed Care Days (Adj )	47	47
3. Other Client Days (Adj )		0
4. Total Client Days	<u>5,475</u>	<u>5,475</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>986,379</u>	\$ <u>697,644</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>180.16</u>	\$ <u>127.42</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj 32)	\$ <u>NA</u>	\$ <u>1,430</u>
<b>OVERPAYMENTS</b>		
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:  
SOLARI RANCH

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

Provider NPI:  
1659596856

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
050	Leases and Rentals				0
055	Real Property Taxes	1		824	824
060	Personal Property Taxes				0
065	Mortgage Interest	2	68,286	(47,050)	21,236
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 68,286	\$ (46,226)	\$ 22,060
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3,4-7	\$ 73,848	\$ (13,447)	\$ 60,401
085	Utilities	8-11	52,460	(18,769)	33,691
090	Client Transportation (excluding Adult Day Services)	3,12	54,549	(54,549)	0
095	Dietary	13	23,562	(463)	23,099
100	Personal Care and Laundry	14-17	6,736	(2,194)	4,542
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 211,155	\$ (89,422)	\$ 121,733
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 279,441	\$ (135,648)	\$ 143,793
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 32,747	\$	\$ 32,747
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	18	118,653	2,303	120,956
130	Lead Fringe Benefits	3	25,043	(25,043)	0
135	Aides Salaries	18	135,782	(5,497)	130,285
140	Aides Fringe Benefits	3	27,268	(27,268)	0
145	Other Salaries	18	63,995	(842)	63,153
150	Other Fringe Benefits	3	20,293	(20,293)	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 423,781	\$ (76,640)	\$ 347,141

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SOLARI RANCH

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

Provider NPI:  
1659596856

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	19	\$ 3,365	\$ (138)	\$ 3,227
165	Speech Pathology Consultant	20	656	(45)	611
170	Physical Therapy Consultant		2,545		2,545
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		4,489		4,489
190	Psychologist Consultant		0		0
195	Physician Consultant		5,500		5,500
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,555	\$ (183)	\$ 16,372
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	3,21-25	\$ 156,013	\$ (156,012)	\$ 1
225	Administrative Fringe Benefits	3	21,753	(21,753)	0
226	Quality Assurance Fees (excluding Adult Day Services)	3	62,008	(15,306)	46,702
230	Other General and Administrative*** (Excluding Adult Day Services)	3,26-31	26,828	116,807	143,635
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 266,602	\$ (76,264)	\$ 190,338
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 986,379	\$ (288,735)	\$ 697,644
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 6,873	\$	\$ 6,873
241	Adult Day Services and Related Transportation		550,896		550,896
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 1,544,148	\$ (288,735)	\$ 1,255,413

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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
SOLARI RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659596856		32
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	055	4	2	055	3	Real Property Taxes To include real property taxes to agree with the provider's records. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$0	\$824	\$824
2	4	065	4	2	065	3	Mortgage Interest To adjust reported mortgage interest expense to agree with the provider's records. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 202.2, 2300 and 2304	\$68,286	(\$47,050)	\$21,236
3	4	080	4	2	080	3	Home Operations and Maintenance	\$73,848	(\$5,615)	\$68,233 *
	4	090	4	2	090	3	Client Transportation	54,549	(50,797)	3,752 *
	4.1	130	4	2	130	3	Lead Fringe Benefits	25,043	(25,043)	0
	4.1	140	4	2	140	3	Aides Fringe Benefits	27,268	(27,268)	0
	4.1	150	4	2	150	3	Other Fringe Benefits	20,293	(20,293)	0
	4.1	220	4	2	220	4	Administrative Salaries	156,013	197	156,210 *
	4.1	225	4	2	225	3	Administrative Fringe Benefits	21,753	(21,753)	0
	4.1	226	4	2	226	3	Quality Assurance Fees	62,008	(15,306)	46,702
	4.1	230	4	2	230	3	Other General and Administrative To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	26,828	397	27,225 *
	4	080	4	2	080	3	Home Operations and Maintenance	* \$68,233		
4							To eliminate a percentage of home operation and maintenance that will be allocated to the home office. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.		(\$127)	
5							To eliminate repairs and maintenance 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)		(1,932) (\$2,059)	\$66,174 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SOLARI RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659596856		32
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>										
	4	080	4	2	080	3	Home Operations and Maintenance	*	\$66,174	
6							To eliminate storage 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)			(\$3,982)
7							To eliminate supplies 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)			(1,791)
										(\$5,773)
	4	085	4	2	085	3	Utilities		\$52,460	
8							To eliminate AT&T expense not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3			(\$720)
9							To eliminate AT&T 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)			(384)
10							To eliminate telephone expense that will be included at the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304			(14,623)
11							To eliminate a percentage utilities expense that will be included at the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304			(3,042)
										(\$18,769)
12	4	090	4	2	090	3	Client Transportation	*	\$3,752	(\$3,752)
							To eliminate client transportation expense that will be included at the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.			\$0

\*Balance carried forward from prior/to subsequent adjustments

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SOLARI RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659596856		32
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>										
13	4	095	4	2	095	3	Dietary To eliminate dietary expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$23,562	(\$463)	\$23,099
	4	100	4	2	100	3	Personal Care and Laundry	\$6,736		
14							To eliminate veterinary expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(\$257)	
15							To eliminate haircut expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(1,728)	
16							To eliminate pharmacy expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		(114)	
17							To eliminate gift card expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105		(95) (\$2,194)	\$4,542
18	4.1	125	4	2	125	3	Lead Salaries	\$118,653	\$2,303	\$120,956
	4.1	135	4	2	135	3	Aides Salaries	135,782	(5,497)	130,285
	4.1	145	4	2	145	3	Other Salaries To adjust employee salaries to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	63,995	(842)	63,153
19	4.1	160	4	2	160	3	Dietician Consultant To reclassify dietician consultant expense applicable to Omega House. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.	\$3,365	(\$138)	\$3,227

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SOLARI RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659596856		32
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>										
20	4.1	165	4	2	165	3	Speech Pathology Consultant To reclassify speech pathology consultant expense applicable to Omega House. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	\$656	(\$45)	\$611
	4.1	220	4	2	220	3	Administrative Salaries	*	\$156,210	
21							To eliminate Administrative Salaries expense that will be included in the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304		(\$107,503)	
22							To eliminate duplicate expense for proper cost finding. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		(39,996)	
23							To adjust the salary of office staff to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(2,290)	
24							To adjust the program manager expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(3,211)	
25							To adjust the subcontractors expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(3,209) (\$156,209)	\$1
26	4.1	230	4	2	230	3	Other General and Administrative To eliminate duplicate expenses. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$27,225	(\$3,268) \$23,957 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SOLARI RANCH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659596856		32
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
	4.1	230	4	2	230	3	Other General and Administrative	*	\$23,957	
27							To eliminate home office supplies expense that will be included in the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304		(\$5,560)	
28							To eliminate dish network expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		(566)	
29							To eliminate Comcast internet expense that will be included in the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304		(720)	
30							To eliminate cable costs not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.1 and 2106.1		(668)	
31							To adjust reported home office costs to agree with the Casa Del Rios Habilitation 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		127,192 <u>119,678</u>	\$143,635

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
SOLARI RANCH				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1659596856		32
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>ADJUSTMENT TO OTHER MATTERS</u>										
32	Not Reported			1	1	N/A	Share of Cost Audit Adjustment To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$1,430	\$1,430