

**REPORT
ON THE
RATE SETTING AUDIT**

**SPRING GABLES ICF/DDH
WALNUT, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1144432824**

**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: Felipe Avila
Auditor: Andre Shammass**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: June 5, 2013

Tita De Guzman, President
Tita De Guzman Insurance Agency, Inc.
1241 S. Grand Avenue, Ste H
Diamond Bar, CA 91765

SPRING GABLES ICF/DDH
NATIONAL PROVIDER IDENTIFIER (NPI) 1144432824
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	\$	339,491	\$ 155.02
Net Audit Adjustment		(21,995)	(10.04)
Audited Cost/Cost Per Day	\$	<u>317,496</u>	\$ <u>144.98</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:
SPRING GABLES ICF/DDH

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

Provider NPI:
1144432824

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

	AS REPORTED	AS AUDITED
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>339,491</u>	\$ <u>317,496</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>155.02</u>	\$ <u>144.98</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:
SPRING GABLES ICF/DDH

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

Provider NPI:
1144432824

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	2	\$ 14,408	\$ (8,000)	\$ 6,408
050	Leases and Rentals				0
055	Real Property Taxes		3,031		3,031
060	Personal Property Taxes				0
065	Mortgage Interest		929		929
070	Property Insurance		413		413
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,781	\$ (8,000)	\$ 10,781
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,283	\$	\$ 8,283
085	Utilities		5,272		5,272
090	Client Transportation (excluding Adult Day Services)		1,826		1,826
095	Dietary		19,945		19,945
100	Personal Care and Laundry		320		320
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 35,646	\$ 0	\$ 35,646
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 54,427	\$ (8,000)	\$ 46,427
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 28,030	\$	\$ 28,030
120	QMRP Fringe Benefits				0
125	Lead Salaries		19,130		19,130
130	Lead Fringe Benefits		2,904		2,904
135	Aides Salaries		116,293		116,293
140	Aides Fringe Benefits		18,971		18,971
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 185,328	\$ 0	\$ 185,328

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SPRING GABLES ICF/DDH

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

Provider NPI:
1144432824

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,620	\$	\$ 1,620
165	Speech Pathology Consultant		2,730		2,730
170	Physical Therapy Consultant		330		330
175	Occupational Therapy Consultant		575		575
180	Pharmacist Consultant		375		375
185	Nurse Consultant		18,500		18,500
190	Psychologist Consultant	1	2,600	(2,600)	0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		256		256
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 26,986	\$ (2,600)	\$ 24,386
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 30,106	\$	\$ 30,106
225	Administrative Fringe Benefits		3,332		3,332
226	Quality Assurance Fees (excluding Adult Day Services)		19,332		19,332
230	Other General and Administrative*** (Excluding Adult Day Services)	1,3	19,980	(11,395)	8,585
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 72,750	\$ (11,395)	\$ 61,355
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 339,491	\$ (21,995)	\$ 317,496
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 149	\$	\$ 149
241	Adult Day Services and Related Transportation		244,397		244,397
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 584,037	\$ (21,995)	\$ 562,042

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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
SPRING GABLES ICF/DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1144432824		3
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>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	190	4	2	190	3	Psychologist Consultant	\$2,600	(\$2,600)	\$0
	4.1	230	4	2	230	3	Other General and Administrative	19,980	2,600	22,580 *
To reclassify psychologist expense to the Other General and Administrative because the consulting service is administrative. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 51505.3 and 51510.3										

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SPRING GABLES ICF/DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1144432824		3	
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					
ADJUSTMENTS TO REPORTED COSTS											
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate the amortization of goodwill as is not considered patient care related. 42 CFR 413.9 and 413.153/CMS Pub 15-1, Section 203(c) and 1214	\$14,408	(\$8,000)	\$6,408	
3	4.1	230	4	2	230	3	Other General and Administrative To eliminate legal costs as the provider did not maintain an adequate insurance program to protect itself against likely losses. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2160, 2300 and 2304	*	\$22,580	(\$13,995)	\$8,585

*Balance carried forward from prior/to subsequent adjustments