

**REPORT
ON THE
RATE SETTING AUDIT**

**SUNRISE HOME CARE
ANAHEIM, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1043234487**

**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: Alimata Coulibaly**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: December 06, 2012

Lourdes Gatchalian, Administrator
Sunrise Home Care
306 N. Siesta Street
Anaheim, CA 92801

PROVIDER: SUNRISE HOME CARE
NATIONAL PROVIDER IDENTIFIER (NPI) 1043234487
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	\$	417,956		\$ 190.85
Net Audit Adjustment		<u>(124,751)</u>		<u>(56.97)</u>
Audited Cost/Cost Per Day	\$	<u>293,205</u>		\$ <u>133.88</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments

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 Rate Development Branch.

Lourdes Gatchalian
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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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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 95899-7413

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 95814-5005
(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:
SUNRISE HOME CARE

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

Provider NPI:
1043234487

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 30)	2,190	0
2. Medi-Cal Managed Care Days (Adj 31)	0	2,190
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>417,956</u>	\$ <u>293,205</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>190.85</u>	\$ <u>133.88</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
OVERPAYMENTS		
1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE HOME CARE

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

Provider NPI:
1043234487

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		\$ 3,590	\$	\$ 3,590
050	Leases and Rentals	9	48,000	(48,000)	0
055	Real Property Taxes	10	2,930	9	2,939
060	Personal Property Taxes		872		872
065	Mortgage Interest	10	0	10,384	10,384
070	Property Insurance	10	3,795	(2,142)	1,653
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 59,187	\$ (39,749)	\$ 19,438
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2, 11, 12	\$ 21,556	\$ (20,099)	\$ 1,457
085	Utilities	13, 14, 15	8,212	(2,020)	6,192
090	Client Transportation (excluding Adult Day Services)	3, 7, 20, 21	9,875	315	10,190
095	Dietary	2, 3, 4, 8, 16, 17	46,987	(1,026)	45,961
100	Personal Care and Laundry	4, 18	3,825	180	4,005
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)	1	\$ 90,455	\$ (22,650)	\$ 67,805
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)	1	\$ 149,642	\$ (62,399)	\$ 87,243
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	6	\$ 18,650	\$ (18,650)	\$ 0
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	22	15,965	(9,603)	6,362
130	Lead Fringe Benefits		1,400		1,400
135	Aides Salaries	22	108,369	(35,013)	73,356
140	Aides Fringe Benefits		11,200		11,200
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 155,584	\$ (63,266)	\$ 92,318

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SUNRISE HOME CARE

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

Provider NPI:
1043234487

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	23	\$ 2,732	\$ (2,582)	\$ 150
165	Speech Pathology Consultant	29	1,822	(1,822)	0
170	Physical Therapy Consultant	24	2,985	(2,439)	546
175	Occupational Therapy Consultant	25	1,990	(363)	1,627
180	Pharmacist Consultant	26	2,450	(1,785)	665
185	Nurse Consultant	27	4,208	1,792	6,000
190	Psychologist Consultant		2,125		2,125
195	Physician Consultant		1,713		1,713
200	Recreational Consultant		1,425		1,425
205	Social Service Consultant	29	2,987	(2,987)	0
210	Other Consultant	6, 28, 29	2,995	6,605	9,600
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 27,432	\$ (3,581)	\$ 23,851
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	5	\$ 0	\$ 60,000	\$ 60,000
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		0		0
230	Other General and Administrative*** (Excluding Adult Day Services)	3, 5, 19	85,298	(55,505)	29,793
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 85,298	\$ 4,495	\$ 89,793
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)	1	\$ 417,956	\$ (124,751)	\$ 293,205
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 417,956	\$ (124,751)	\$ 293,205

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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
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31
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				
MEMORANDUM ADJUSTMENT										
1	4	105	4	2	105	3	Total general home expenses	\$67,455	\$23,000	\$90,455
	4	110	4	2	110	3	Total basic facility cost	146,642	3,000	149,642
	4.1	245	4.1	2	245	3	Total expenses	414,956	3,000	417,956
							To correct provider's footing errors in column 2, lines 105, 110 and 245 of the cost report.			
							42 CFR 413.20 and 24/CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
2	4	80	4	2	80	3	Home Operations and Maintenance	\$21,556	(\$19,557)	\$1,999 *
	4	95	4	2	95	3	Dietary	46,987	19,557	66,544 *
							To reclassify food expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
3	4	90	4	2	90	3	Client Transportation	\$9,875	\$2,914	\$12,789 *
	4.1	230	4	2	230	3	Other General and Administrative	85,298	4,900	90,198 *
	4	95	4	2	95	3	Dietary	* 66,544	(7,814)	58,730 *
							To reclassify auto expense and miscellaneous expense to the appropriate cost centers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
4	4	95	4	2	95	3	Dietary	* \$58,730	(\$1,000)	\$57,730 *
	4	100	4	2	100	3	Personal Care and Laundry	3,825	1,000	4,825 *
							To reclassify gloves and lotions expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
5	4.1	230	4	2	230	3	Other General and Administrative	* \$90,198	(\$60,000)	\$30,198 *
	4.1	220	4	2	220	3	Administrative Salaries	0	60,000	60,000
							To reclassify administrative salaries to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			
6	4.1	115	4	2	115	3	QMRP Salaries	\$18,650	(\$18,650)	\$0
	4.1	210	4	2	210	3	Other Consultant	2,995	18,650	21,645 *
							To reclassify QMRP consultant fees from direct care staff costs to other consultant for proper cost allocation. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2304 and 2306			

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31	
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											
7	4	90	4	2	90	3	Client Transportation To eliminate health insurance expense not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	*	\$12,789	(\$475)	\$12,314 *
8	4	95	4	2	95	3	Dietary To eliminate donation expense not related to patient care. 42 CFR 413.20 and 413.24	*	\$57,730	(\$283)	\$57,447 *
9	4	50	4	2	50	3	Leases and Rentals To eliminate lease expense paid to a related party. 42 CFR 413.17 and 413.134(h) CMS Pub. 15-1, Section 1011.5		\$48,000	(\$48,000)	\$0
10	4	55	4	2	55	3	Real Property Taxes		\$2,930	\$9	\$2,939
	4	65	4	2	65	3	Mortgage Interest		0	10,384	10,384
	4	70	4	2	70	3	Property Insurance To include cost of ownership in lieu of related party lease expense. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Section 1011.5		3,795	(2,142)	1,653
11	4	80	4	2	80	3	Home Operations and Maintenance To adjust home operations and maintenance expense to agree with provider's records for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$1,999	(\$244)	\$1,755 *
12	4	80	4	2	80	3	Home Operations and Maintenance To eliminate administrator's brother share of expense included in home operations and maintenance expense for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$1,755	(\$298)	\$1,457

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31
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										
13	4	85	4	2	85	3	Utilities To adjust utilities expense to agree with provider's invoices. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2104.3	\$8,212	(\$382)	\$7,830 *
14	4	85	4	2	85	3	Utilities To adjust telephone expense to agree with provider's invoices. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2104.3	* \$7,830	(\$1,049)	\$6,781 *
15	4	85	4	2	85	3	Utilities To eliminate a portion of cable TV expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2104.3	* \$6,781	(\$589)	\$6,192
16	4	95	4	2	95	3	Dietary To adjust dietary expense to agree with provider's records for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$57,447	(\$2,072)	\$55,375 *
17	4	95	4	2	95	3	Dietary To eliminate administrator's brother share of expense included in dietary expense for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$55,375	(\$9,414)	\$45,961
18	4	100	4	2	100	3	Personal Care and Laundry To eliminate administrator's brother share of expense included in personal care and laundry expense for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$4,825	(\$820)	\$4,005

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31	
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 REPORTED COSTS</u>											
19	4.1	230	4	2	230	3	Other General and Administrative To adjust liability insurance expense to amount applicable to the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2300 and 2304	*	\$30,198	(\$405)	\$29,793
20	4	90	4	2	90	3	Client Transportation To adjust client transportation expense to agree with provider's records for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$12,314	(\$37)	\$12,277 *
21	4	90	4	2	90	3	Client Transportation To eliminate administrator's brother share of expense included in the gasoline expense for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$12,277	(\$2,087)	\$10,190
22	4.1	125	4	2	125	3	Lead Salaries		\$15,965	(\$9,603)	\$6,362
	4.1	135	4	2	135	3	Aides Salaries To adjust Lead and Aides salaries to agree with the provider's payroll summary for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304		108,369	(35,013)	73,356
23	4.1	160	4	2	160	3	Dietician Consultant To adjust the dietician consultant expense to agree with the provider's agreement for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$2,732	(\$2,582)	\$150
24	4.1	170	4	2	170	3	Physical Therapy Consultant To adjust the physical therapy expense to agree with the provider's records for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$2,985	(\$2,439)	\$546
*Balance carried forward from prior/to subsequent adjustments										Page 5	

Provider Name							Fiscal Period	Provider NPI		Adjustments
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1043234487		31
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 REPORTED COSTS</u>										
25	4.1	175	4	2	175	3	Occupational Therapy Consultant To adjust the Occupational Therapy expense to agree with the provider's records for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$1,990	(\$363)	\$1,627
26	4.1	180	4	2	180	3	Pharmacist Consultant To adjust the pharmacist consultant expense to agree with the provider's agreement for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$2,450	(\$1,785)	\$665
27	4.1	185	4	2	185	3	Nurse Consultant To adjust the nurse consultant expense to agree with the provider's check stubs for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$4,208	\$1,792	\$6,000
28	4.1	210	4	2	210	3	Other Consultant To adjust the QMRP consultant expense to agree with the provider's check stubs for the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$21,645	(\$9,050)	\$12,595 *
29	4.1	165	4	2	165	3	Speech Pathology Consultant	\$1,822	(\$1,822)	\$0
	4.1	205	4	2	205	3	Social Service Consultant	2,987	(2,987)	0
	4.1	210	4	2	210	3	Other Consultant To eliminate the various consultants' expense for services not provided during the audit period. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* 12,595	(2,995)	9,600

Provider Name							Fiscal Period		Provider NPI		Adjustments
SUNRISE HOME CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1043234487		31
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 REPORTED PATIENT DAYS</u>											
30	2	3	N/A	1	1	N/A	Medi-Cal Client Days To adjust total patient days to agree with the provider' records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	2,190	(2,190)	0	
31	2	3	N/A	1	2	N/A	Medi-Cal Managed Care Days To include Medi-Cal Managed Care days to agree with the provider's census records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2205.4 and 2304 CCR Title 22, Sections 51535(a) and 51535(b)	0	2,190	2,190	