

**REPORT  
ON THE  
RATE SETTING AUDIT  
THE OLIVE TREE  
RESEDA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1134450018  
FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Gertrude Lake  
Auditor: James Cheng**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 6, 2013

Shannon Gustafson, Accountant  
HGi Financial Services  
9240 Limonite Avenue  
Riverside, CA 92509

THE OLIVE TREE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1134450018  
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	\$	215,765	\$ 156.69
Net Audit Adjustment		<u>469</u>	<u>(4.84)</u>
Audited Cost/Cost Per Day	\$	<u>216,234</u>	\$ <u>151.85</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 Fee-For-Service Rates Development Division.

Shannon Gustafson  
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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  
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—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

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

**Provider:**  
THE OLIVE TREE

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

**Provider NPI:**  
1134450018

<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 8)	1,377	1,352
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 7)	0	72
4. Total Client Days	<u>1,377</u>	<u>1,424</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>215,765</u>	\$ <u>216,234</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>156.69</u>	\$ <u>151.85</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>0</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:  
THE OLIVE TREE

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

Provider NPI:  
1134450018

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		38,400		38,400
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 38,400	\$ 0	\$ 38,400
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1, 2	\$ 15,179	\$ (416)	\$ 14,763
085	Utilities	4	8,655	(34)	8,621
090	Client Transportation (excluding Adult Day Services)		541		541
095	Dietary		7,513		7,513
100	Personal Care and Laundry		622		622
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 32,510	\$ (450)	\$ 32,060
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,910	\$ (450)	\$ 70,460
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,000	\$	\$ 12,000
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		0		0
130	Lead Fringe Benefits		0		0
135	Aides Salaries		80,743		80,743
140	Aides Fringe Benefits		7,332		7,332
145	Other Salaries		2,894		2,894
150	Other Fringe Benefits		263		263
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 103,232	\$ 0	\$ 103,232

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
THE OLIVE TREE

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

Provider NPI:  
1134450018

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	3	\$ 1,073	\$ (341)	\$ 732
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		320		320
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		13,450		13,450
190	Psychologist Consultant		1,760		1,760
195	Physician Consultant		0		0
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		4,800		4,800
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 21,403	\$ (341)	\$ 21,062
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 360		\$ 360
225	Administrative Fringe Benefits		33		33
226	Quality Assurance Fees (excluding Adult Day Services)		0		0
230	Other General and Administrative*** (Excluding Adult Day Services)	5, 6	19,827	1,260	21,087
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 20,220	\$ 1,260	\$ 21,480
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 215,765	\$ 469	\$ 216,234
	<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)		\$ 215,765	\$ 469	\$ 216,234

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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	
THE OLIVE TREE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1134450018	8	
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>										
	4	80	4	2	80	2	Home Operations and Maintenance	\$15,179		
1							To eliminate legend drugs expense not included in the daily rat CCR, Title 22, 51510.2(b)		(\$123)	
2							To eliminate operating supplies expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(293)</u> <u>(\$416)</u>	\$14,763
3	4.1	160	4	2	160	2	Dietitian Consultant To eliminate prior year dietitian consultant expense. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$1,073	(\$341)	\$732
4	4	85	4	2	85	2	Utilities To eliminate cable expense not related to client care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2104.3, and 2106.1	\$8,655	(\$34)	\$8,621
	4.1	230	4	2	230	2	Other General and Administrative	\$19,827		
5							To eliminate late payment penalty not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105.10		(\$510)	
6							To adjust insurance expense to agree with the provider's insurance policy. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>1,770</u> <u>\$1,260</u>	\$21,087

Provider Name				Fiscal Period				Provider NPI		Adjustments
THE OLIVE TREE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1134450018		8
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>ADJUSTMENTS TO REPORTED PATIENT DAYS</u></b>										
7	2	3	3	1	3	2	Other Client Days To adjust client days to agree with the provider's census records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	0	72	72
8	2	3	1	1	1	2	Medi-Cal Client Days To adjust reported Medi-Cal Intermediate Care Facility Developmentally Disabled - Habilitative days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through April 17, 2013 Report Date: April 18, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541	1,377	(25)	1,352