

**REPORT
ON THE
RATE SETTING AUDIT**

**NVDS, INC – VALENTINE HOUSE
REDDING, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1780658252**

**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: Gary Diffenderffer
Auditor: Lucille Ramos and Firas Yagmour**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Melissa Aggi, QMRP / Administrator
North Valley Developmental Services, Inc
PO Box 492478.
Redding, CA 96049

NVDS, INC – VALENTINE HOUSE
NATIONAL PROVIDER IDENTIFER (NPI) 1780658252
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	\$	394,440	\$ 180.11
Net Audit Adjustment		(100,412)	(45.85)
Audited Cost/Cost Per Day	\$	<u>294,028</u>	\$ <u>134.26</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Melissa Aggi
Page 2

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

Original Signed By

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

Certified

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

Provider:
NVDS, INC - VALENTINE HOUSE

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

Provider NPI:
1780658252

**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
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>394,440</u>	\$ <u>294,028</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>180.11</u>	\$ <u>134.26</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ _____	\$ <u>0</u>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NVDS, INC - VALENTINE HOUSE

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

Provider NPI:
1780658252

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		\$	\$	\$ 0
050	Leases and Rentals	1	97,133	(97,133)	0
055	Real Property Taxes	2	157	2,563	2,720
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 97,290	\$ (94,570)	\$ 2,720
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3,4,5	\$ 9,399	\$ (894)	\$ 8,505
085	Utilities		5,020		5,020
090	Client Transportation (excluding Adult Day Services)	6	82	(82)	0
095	Dietary		11,954		11,954
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,455	\$ (976)	\$ 25,479
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 123,745	\$ (95,546)	\$ 28,199
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 5,769	\$	\$ 5,769
120	QMRP Fringe Benefits		1,223		1,223
125	Lead Salaries		15,305		15,305
130	Lead Fringe Benefits		3,246		3,246
135	Aides Salaries		128,259		128,259
140	Aides Fringe Benefits		27,200		27,200
145	Licensed Nurse		17,860		17,860
150	Licensed Nurse Fringe Benefits		3,788		3,788
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 202,650	\$ 0	\$ 202,650

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NVDS, INC - VALENTINE HOUSE

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

Provider NPI:
1780658252

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 418	\$	\$ 418
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		578		578
175	Occupational Therapy Consultant		810		810
180	Pharmacist Consultant		460		460
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		2,689		2,689
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 4,955	\$ 0	\$ 4,955
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		22,363		22,363
230	Other General and Administrative*** (Excluding Adult Day Services)	7,8,9	40,727	(4,866)	35,861
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 63,090	\$ (4,866)	\$ 58,224
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 394,440	\$ (100,412)	\$ 294,028
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		211,469		211,469
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 605,909	\$ (100,412)	\$ 505,497

Page 2 of 2

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments		
NVDS, INC - VALENTINE HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1780658252	9		
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											
1	4	050	4	2	050	3	Leases and Rentals To eliminate rental expenses paid to a related part 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304	\$97,133	(\$97,133)	\$0	
2	4	055	4	2	055	3	Real Property Taxes To include secured property tax expense in lieu of related party rental expenses, in conjunction with adjustment 1. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304	\$157	\$2,563	\$2,720	
3	4	080	4	2	080	3	Home Operations and Maintenance To eliminate AlSCO 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)	\$9,399			
4							To eliminate landscape 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)		(266)		
5							To eliminate handyman expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(320) (\$894)	\$8,505	
6	4	090	4	2	090	3	Client Transportation To eliminate vehicle repair expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$82	(\$82)	\$0	

Provider Name				Fiscal Period				Provider NPI		Adjustments
NVDS, INC - VALENTINE HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1780658252		9
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>										
7	4.1	230	4	2	230	3	Other General and Administrative	\$40,727		
							To eliminate late charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1		(\$32)	
8							To eliminate telephone 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)		(91)	
9							To adjust reported home office costs to agree with the NVDS, 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		<u>(4,743)</u> (\$4,866)	\$35,861