

**REPORT
ON THE
RATE SETTING AUDIT**

**WALNUT HOUSE
CHINO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1194878876**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Margarita Gamboa**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

May 10, 2013

Sarbjit Mann, Administrator
El Serrano Group Homes, Inc.
1048 Stowell Ranch Circle
Corona, CA 92881

WALNUT HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1194878876
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	\$	229,994	\$ 140.50
Net Audit Adjustment		<u>(24,125)</u>	<u>(14.97)</u>
Audited Cost/Cost Per Day	\$	<u>205,869</u>	\$ <u>125.53</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.

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.

Sarbjit Mann
Page 3

If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Shannon Gustafson, Consultant
HGi Financial Services
9240 Limonite Avenue
Riverside, CA 92509

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

Provider:
WALNUT HOUSE

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

Provider NPI:
1194878876

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 17)	1,637	1,640
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,637</u>	<u>1,640</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>229,994</u>	\$ <u>205,869</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>140.50</u>	\$ <u>125.53</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:
WALNUT HOUSE

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

Provider NPI:
1194878876

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		\$ 57	\$	\$ 57
050	Leases and Rentals		8,100		8,100
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 8,157	\$ 0	\$ 8,157
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 2	\$ 5,839	\$ (3,735)	\$ 2,104
085	Utilities	3 - 6	7,643	(1,059)	6,584
090	Client Transportation (excluding Adult Day Services)	7 - 9	10,523	(9,472)	1,051
095	Dietary	10	22,845	(11,746)	11,099
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 46,850	\$ (26,012)	\$ 20,838
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 55,007	\$ (26,012)	\$ 28,995
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	11	\$ 14,430	\$ 663	\$ 15,093
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		107,500		107,500
140	Aides Fringe Benefits		10,780		10,780
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 132,710	\$ 663	\$ 133,373

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
WALNUT HOUSE

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

Provider NPI:
1194878876

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	11	\$ 1,180	\$ (219)	\$ 961
165	Speech Pathology Consultant	11	353	(83)	270
170	Physical Therapy Consultant	11	1,191	(584)	607
175	Occupational Therapy Consultant		247		247
180	Pharmacist Consultant		300		300
185	Nurse Consultant	11	8,120	3,203	11,323
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant	11	630	(360)	270
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 12,021	\$ 1,957	\$ 13,978
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 13,150		\$ 13,150
225	Administrative Fringe Benefits		1,286		1,286
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative*** (Excluding Adult Day Services)	12 - 16	15,820	(733)	15,087
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 30,256	\$ (733)	\$ 29,523
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 229,994	\$ (24,125)	\$ 205,869
	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)		\$ 229,994	\$ (24,125)	\$ 205,869

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	
WALNUT HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1194878876	17	
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>										
	4	080	4	2	080	3	Home Operations and Maintenance	\$5,839		
1							To eliminate Puentes Gardening 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)		(\$510)	
2							To eliminate Arabian Place repair expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(3,225) (\$3,735)	\$2,104
	4	085	4	2	085	3	Utilities	\$7,643		
3							To adjust The Gas Company expenses to agree with the monthly statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$32	
4							To adjust City of Chino expenses to agree with the monthly statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(423)	
5							To adjust Time Warner expenses to agree with the monthly statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(69)	
6							To adjust Southern California Edison expenses to agree with the monthly statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(599) (\$1,059)	\$6,584

Provider Name							Fiscal Period	Provider NPI		Adjustments
WALNUT HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1194878876		17
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>										
	4	090	4	2	090	3	Client Transportation	\$10,523		
7							To eliminate auto lease 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)		(\$9,105)	
8							To eliminate Department of Motor Vehicles expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(294)	
9							To eliminate AAA Club expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(73)</u> (\$9,472)	\$1,051
10	4	095	4	2	095	3	Dietary To eliminate Chase credit card expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$22,845	(\$11,746)	\$11,099

Provider Name							Fiscal Period	Provider NPI		Adjustments
WALNUT HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1194878876		17
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
11	4.1	115	4	2	115	3	QMRP Salaries	\$14,430	\$663	\$15,093
	4.1	160	4	2	160	3	Dietician Consultant	1,180	(219)	961
	4.1	165	4	2	165	3	Speech Pathology Consultant	353	(83)	270
	4.1	170	4	2	170	3	Physical Therapy Consultant	1,191	(584)	607
	4.1	185	4	2	185	3	Nurse Consultant	8,120	3,203	11,323
	4.1	200	4	2	200	3	Recreational Consultant	630	(360)	270
							To adjust consultants reported expenses to agree with the invoices and monthly statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
	4.1	230	4	2	230	3	Other General and Administrative	\$15,820		
12							To eliminate Farmers Insurance 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)		(\$2,014)	
13							To adjust Chartis workers compensation insurance expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		558	
14							To eliminate auto insurance expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(200)	
15							To eliminate Prematic services 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)		(139) (\$1,795)	\$14,025 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
WALNUT HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1194878876		17	
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>											
16	4.1	230	4	2	230	3	Other General and Administrative To adjust facility license fees to agree with the invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$14,025	\$1,062	\$15,087

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
WALNUT HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1194878876		17
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u>										
17	2	3	1	1	1		Medi-Cal Client Days	1,637	3	1,640
	2	3	4	1	4		Total Client Days	1,637	3	1,640
							To adjust total patient days to agree with the provider's patient census reports.			
							42 CFR 413.20, 413.24, and 413.50			
							CMS Pub. 15-1, Sections 2205, 2300, and 2304			