

**REPORT  
ON THE  
RATE SETTING AUDIT**

**ALTA'S ICF INC.  
SACRAMENTO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1760658157**

**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**



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



EDMUND G. BROWN JR.  
GOVERNOR

July 11, 2013

Kyle Brandt, Administrator  
Alta's ICF Inc.  
4144 Stowe Way  
Sacramento, CA 95864

ALTA'S ICF INC.  
NATIONAL PROVIDER IDENTIFIER (NPI) 1760658157  
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	\$ 765,915	\$ 152.06
Net Audit Adjustment	<u>(105,565)</u>	<u>(20.96)</u>
Audited Cost/Cost Per Day	\$ <u>660,350</u>	\$ <u>131.10</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.

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:**  
ALTA'S ICF INC.

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

**Provider NPI:**  
1760658157

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	5,037	5,037
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>5,037</u>	<u>5,037</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>765,915</u>	\$ <u>660,350</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>152.06</u>	\$ <u>131.10</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>          </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:  
ALTA'S ICF INC.

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

Provider NPI:  
1760658157

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	2	\$ 7,229	\$ (4,429)	\$ 2,800
050	Leases and Rentals	3,4,5	64,973	(47,499)	17,474
055	Real Property Taxes	6	4,953	(1,702)	3,251
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		3,627		3,627
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 80,782	\$ (53,630)	\$ 27,152
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	7,8,9,10	\$ 17,646	\$ (2,059)	\$ 15,587
085	Utilities		12,108		12,108
090	Client Transportation (excluding Adult Day Services)	11	12,498	(5,827)	6,671
095	Dietary	12,13,14,15	25,897	(3,188)	22,709
100	Personal Care and Laundry		10,495		10,495
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 78,644	\$ (11,074)	\$ 67,570
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 159,426	\$ (64,704)	\$ 94,722
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 34,320	\$	\$ 34,320
120	QMRP Fringe Benefits				0
125	Lead Salaries		22,695		22,695
130	Lead Fringe Benefits		1,920		1,920
135	Aides Salaries		216,239		216,239
140	Aides Fringe Benefits		13,882		13,882
145	Other Salaries		61,360		61,360
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 350,416	\$ 0	\$ 350,416

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ALTA'S ICF INC.

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

Provider NPI:  
1760658157

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		\$ 2,985	\$	\$ 2,985
165	Speech Pathology Consultant		100		100
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		325		325
180	Pharmacist Consultant		40,340		40,340
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		2,400		2,400
205	Social Service Consultant				0
210	Other Consultant		1,000		1,000
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 47,150	\$ 0	\$ 47,150
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	16	\$ 113,980	\$ (59,995)	\$ 53,985
225	Administrative Fringe Benefits		619		619
226	Quality Assurance Fees (excluding Adult Day Services)		42,312		42,312
230	Other General and Administrative*** Adult Day Services) (Excluding	16,17	52,012	19,134	71,146
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 208,923	\$ (40,861)	\$ 168,062
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 765,915	\$ (105,565)	\$ 660,350
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	18	\$ 95,144	\$ 158	\$ 95,302
241	Adult Day Services and Related Transportation		445,310		445,310
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 1,306,369	\$	\$ 1,200,962

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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	
ALTA'S ICF INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1760658157		18	
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>MEMORANDUM ADJUSTMENT</u>												
1	4.1	245	4	2	245	1	Total Facility Expenses	\$1,306,329	\$40	\$1,306,369		
							To properly reflect reported expenses. Reported and correct amounts are \$1,306,329 and \$1,306,369, respectively, resulting in a \$40 variance.					

Provider Name							Fiscal Period		Provider NPI		Adjustments
ALTA'S ICF INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1760658157		18
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					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate furniture and equipment depreciation expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,229	(\$4,429)	\$2,800	
3	4	050	4	2	050	3	Leases and Rentals  To eliminate rental/lease expenses paid to a related party. 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	\$64,973			
4							To eliminate facility lease payments not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(10,000)		
5							To include property interest associated with the cost of storage related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		2,501 (\$47,499)	\$17,474	

Provider Name				Fiscal Period				Provider NPI		Adjustments
ALTA'S ICF INC.				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1760658157		18
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 COSTS</u></b>										
6	4	055	4	2	055	3	Real Property Taxes To eliminate property taxes not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$4,953	(\$1,702)	\$3,251
7	4	080	4	2	080	3	Home Operations and Maintenance  To eliminate cost of the Canon EOS digital camera not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.1, 2102.2, 2102.3, 2103, and 2104.3	\$17,646	(\$922)	
8							To eliminate iPad expense, due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(684)	
9							To eliminate Tustin, CA Costco purchases due to insufficient documentation to substantiate costs are related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2103, 2300, and 2304		(22)	
10							To eliminate Modesto Target purchases due to insufficient documentation that substantiates costs are related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2102.2, 2103, 2300, and 2304		(431) (\$2,059)	\$15,587

Provider Name							Fiscal Period	Provider NPI		Adjustments
ALTA'S ICF INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1760658157		18
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
11	4	090	4	2	090	3	Client Transportation To eliminate client transportation expenses due to insufficient documentation that substantiates costs are related to patient care. 42 CFR 413.20, 413.24, and 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2105, 2300, and 2304	\$12,498	(\$5,827)	\$6,671
12	4	095	4	2	095	3	Dietary  To eliminate Tustin, CA Costco purchases due to insufficient documentation that substantiates costs are related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2103, 2300, and 2304	\$25,897	(\$168)	
13							To eliminate Raley's purchases due to insufficient documentation that substantiates costs are related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2103, 2300, and 2304		(2,613)	
14							To eliminate Pavillions store purchases in Newport, CA due to insufficient documentation that substantiates costs are related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2103, 2300, and 2304		(100)	
15							To eliminate doctor meals as unallowable Medi-Cal program costs. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2102.3, 2105.2, 2300, and 2304		(307) (\$3,188)	\$22,709

Provider Name				Fiscal Period				Provider NPI		Adjustments
ALTA'S ICF INC.				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1760658157		18
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>ADJUSTMENT TO REPORTED COSTS</u></b>										
16	4.1	220	4	2	220	3	Administrative Salaries	\$113,980	(\$59,995)	\$53,985
	4.1	230	4	2	230	3	Other General and Administrative To eliminate owner/administrator compensation that will be included in Brandt Group Homes for proper cost allocation. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	52,012	(5,904)	46,108 *
17	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Jean Martin 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	* \$46,108	\$25,038	\$71,146
18	4.1	240	4	2	240	3	Non-Program Services To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$95,144	\$158	\$95,302

\*Balance carried forward from prior/to subsequent adjustments