

**REPORT  
ON THE  
RATE SETTING AUDIT**

**STEPHANIE'S ICF/DDN  
SOUTH SAN FRANCISCO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1053536011**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Louise Wong  
Audit Supervisor: Jesse Duran  
Auditor: Pamela Yeung**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 28, 2013

Don Veridiano, Owner  
Stephanie's ICF/DDN  
776 Del Monte Avenue  
South San Francisco, CA 94080

STEPHANIE'S ICF/DDN  
NATIONAL PROVIDER IDENTIFIER (NPI) 1053536011  
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	\$	342,189	\$ 187.91
Net Audit Adjustment		<u>(17,662)</u>	<u>(9.99)</u>
Audited Cost/Cost Per Day	\$	<u>324,527</u>	\$ <u>177.92</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.

Don Veridiano  
Page 2

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:

John Melton, 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

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

**Provider:**  
STEPHANIE'S ICF/DDN

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

**Provider NPI:**  
1053536011

<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 4)	1,821	0
2. Medi-Cal Managed Care Days (Adj 4)	0	1,824
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,821</u>	<u>1,824</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>342,189</u>	\$ <u>324,527</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>187.91</u>	\$ <u>177.92</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
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:  
STEPHANIE'S ICF/DDN

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

Provider NPI:  
1053536011

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		\$ 3,960	\$ 0	\$ 3,960
050	Leases and Rentals				0
055	Real Property Taxes		5,475	0	5,475
060	Personal Property Taxes				0
065	Mortgage Interest	1	14,727	(10,134)	4,593
070	Property Insurance		4,560	0	4,560
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,722	\$ (10,134)	\$ 18,588
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 8,132	\$ 0	\$ 8,132
085	Utilities		9,294	0	9,294
090	Client Transportation (excluding Adult Day Services)	3	6,034	(2,109)	3,925
095	Dietary		7,209	0	7,209
100	Personal Care and Laundry		6,216	0	6,216
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,885	\$ (2,109)	\$ 34,776
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,607	\$ (12,243)	\$ 53,364
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 18,000	\$ 0	\$ 18,000
120	QMRP Fringe Benefits		2,752	0	2,752
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		100,911	0	100,911
140	Aides Fringe Benefits		15,427	0	15,427
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 137,090	\$ 0	\$ 137,090

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
STEPHANIE'S ICF/DDN

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

Provider NPI:  
1053536011

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		\$ 885	\$ 0	\$ 885
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		660	0	660
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		78,316	0	78,316
190	Psychologist Consultant		630	0	630
195	Physician Consultant				0
200	Recreational Consultant		988	0	988
205	Social Service Consultant				0
210	Other Consultant		1,100	0	1,100
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 82,579	\$ 0	\$ 82,579
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	2	\$ 32,615	\$ (960)	\$ 31,655
225	Administrative Fringe Benefits	2	4,459	(4,459)	0
226	Quality Assurance Fees (excluding Adult Day Services)		14,977	0	14,977
230	Other General and Administrative*** (excluding Adult Day Services)		4,862	0	4,862
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 56,913	\$ (5,419)	\$ 51,494
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 342,189	\$ (17,662)	\$ 324,527
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 342,189	\$ (17,662)	\$ 324,527

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
STEPHANIE'S ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1053536011		4
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>										
1	4	065	4	2	065	3	Mortgage Interest To eliminate nonallowable interest expense for assets subject to DEFRA. 42 CFR 413.134 CMS Pub. 15-1, Sections 104.10, 205, 203, and 1005	\$14,727	(\$10,134)	\$4,593
2	4.1	220	4	2	220	3	Administrative Salaries	\$32,615	(\$960)	\$31,655
	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust reported home office costs to agree with the Del Monte Inc. home office audit report for fiscal period ended December 31, 2011. 42 CFR 413.17 CMS Pub. 15-1, Sections 2150.2 and 2304	4,459	(4,459)	0
3	4	090	4	2	090	3	Client Transportation To eliminate client transportation expenses that are not patient care related and due to insufficient documents. 42 CFR 413.2 , 413.5, 413.24, and 413.9 CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	\$6,034	(\$2,109)	\$3,925

Provider Name							Fiscal Period		Provider NPI		Adjustments
STEPHANIE'S ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1053536011		4
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>ADJUSTMENT TO REPORTED PATIENT DAYS</b>											
4	2	3	1	1	1	2	Medi-Cal Client Days	1,821	(1,821)	0	
	2	3	2	1	2	2	Medi-Cal Managed Care Days	0	1,824	1,824	
							To adjust Medi-Cal Managed Care days to agree with the provider's patient census records.				
							42 CFR 413.20 and 413.50				
							CMS Pub. 15-1, Sections 2205 and 2304				