

**REPORT  
ON THE  
RATE SETTING AUDIT**

**PUTNAM ICF/DDN  
ANTIOCH, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1073732673**

**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

Rosemarie Veridiano, Owner  
Putnam ICF/DDN  
1204 Putnam Street  
Antioch, CA 94509

PUTNAM ICF/DDN  
NATIONAL PROVIDER IDENTIFIER (NPI) 1073732673  
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	\$	353,270	\$ 191.27
Net Audit Adjustment		<u>(22,819)</u>	<u>(12.36)</u>
Audited Cost/Cost Per Day	\$	<u>330,451</u>	\$ <u>178.91</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.

Rosemarie Veridiano  
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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:

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:**  
PUTNAM ICF/DDN

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

**Provider NPI:**  
1073732673

**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 )	1,847	1,847
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,847</u>	<u>1,847</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>353,270</u>	\$ <u>330,451</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>191.27</u>	\$ <u>178.91</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:  
PUTNAM ICF/DDN

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

Provider NPI:  
1073732673

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	4	\$ 7,714	\$ (4,237)	\$ 3,477
050	Leases and Rentals				0
055	Real Property Taxes		2,396	0	2,396
060	Personal Property Taxes				0
065	Mortgage Interest	5	10,324	(8,418)	1,906
070	Property Insurance	6	3,332	(1,407)	1,925
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,766	\$ (14,062)	\$ 9,704
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 14,955	\$ (8,403)	\$ 6,552
085	Utilities	1		8,403	8,403
090	Client Transportation (excluding Adult Day Services)	7	4,890	(1,839)	3,051
095	Dietary		3,469	0	3,469
100	Personal Care and Laundry		18,022	0	18,022
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,336	\$ (1,839)	\$ 39,497
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,102	\$ (15,901)	\$ 49,201
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 18,000	\$ 0	\$ 18,000
120	QMRP Fringe Benefits		2,797	0	2,797
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		96,431	0	96,431
140	Aides Fringe Benefits		14,983	0	14,983
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 132,211	\$ 0	\$ 132,211

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
PUTNAM ICF/DDN

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

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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		\$ 645	\$ 0	\$ 645
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		630	0	630
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		80,236	0	80,236
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		875	0	875
205	Social Service Consultant				0
210	Other Consultant	2	2,520	(1,420)	1,100
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 84,906	\$ (1,420)	\$ 83,486
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **	3	\$ 47,481	\$ (975)	\$ 46,506
225	Administrative Fringe Benefits	3	6,760	(4,523)	2,237
226	Quality Assurance Fees (excluding Adult Day Services)		13,082	0	13,082
230	Other General and Administrative*** (excluding Adult Day Services)		3,728	0	3,728
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 71,051	\$ (5,498)	\$ 65,553
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 353,270	\$ (22,819)	\$ 330,451
	<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)		\$ 353,270	\$ (22,819)	\$ 330,451

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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		
PUTNAM ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073732673	7		
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>RECLASSIFICATION OF REPORTED COSTS</u></b>											
1	4	080	4	2	080	3	Home Operations and Maintenance	\$14,955	(\$8,403)	\$6,552	
	4	085	4	2	085	3	Utilities	0	8,403	8,403	
							To reclassify utility expenses to its cost center for proper cost determination				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2300 and 2304				

Provider Name			Fiscal Period				Provider NPI		Adjustments	
PUTNAM ICF/DDN			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073732673		7	
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>										
2	4.1	210	4	2	210	3	Other Consultant To eliminate tax preparation expenses not in the audit period and not patient care related. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,520	(\$1,420)	\$1,100
3	4.1	220	4	2	220	3	Administrative Salaries	\$47,481	(\$975)	\$46,506
	4.1	225	4	2	225	3	Administrative Benefits To adjust reported home office cost 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	6,760	(4,523)	2,237
4	4	045	4	2	045	3	Depreciation and Amortization To adjust the building depreciation expense for assets subject to DEFRA guideline. 42 CFR 413.153(d)(l) CMS Pub. 15-1, Sections 104.10 and 104.17	\$7,714	(\$4,237)	\$3,477
5	4	065	4	2	065	3	Mortgage Interest To eliminate nonallowable interest expense for assets subject to DEFRA. 42 CFR 413.153(d)(l) CMS Pub. 15-1, Section 104.10	\$10,324	(\$8,418)	\$1,906
6	4	070	4	2	070	3	Property Insurance To adjust reported property insurance to agree with the insurance policy. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,332	(\$1,407)	\$1,925
7	4	090	4	2	090	3	Client Transportation To eliminate client transportation cost due to lack of documentation. 42 CFR 413.2 , 413.5, 413.24, and 413.9 CMS Pub. 15-1, Sections 2300, 2304, and 2328	\$4,890	(\$1,839)	\$3,051