

**REPORT
ON THE
RATE SETTING AUDIT**

**ADAMS ICF/DDN
SAN MATEO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1205051273**

**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: Yosief Hailemichael**



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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Don Verdiano, Administrator
Adams ICF/DDN
2893 El Camino Real, Suite C
Redwood City, CA 94061

ADAMS ICF/DDN
NATIONAL PROVIDER IDENTIFIER (NPI) 1205051273
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	\$	356,283	\$ 166.18
Net Audit Adjustment		<u>(14,029)</u>	<u>(8.10)</u>
Audited Cost/Cost Per Day	\$	<u>324,254</u>	\$ <u>158.08</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
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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:
ADAMS ICF/DDN

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

Provider NPI:
1205051273

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 5)	2,144	0
2. Medi-Cal Managed Care Days (Adj 5)	0	2,165
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,144</u>	<u>2,165</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>356,283</u>	\$ <u>342,254</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>166.18</u>	\$ <u>158.08</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:
ADAMS ICF/DDN

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

Provider NPI:
1205051273

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		\$ 4,674	\$ 0	\$ 4,674
050	Leases and Rentals				0
055	Real Property Taxes		8,568	0	8,568
060	Personal Property Taxes				0
065	Mortgage Interest		7,649	0	7,649
070	Property Insurance	2	6,728	(1,801)	4,927
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 27,619	\$ (1,801)	\$ 25,818
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,166	\$ 0	\$ 8,166
085	Utilities		10,394	0	10,394
090	Client Transportation (excluding Adult Day Services)	3	5,847	(5,847)	0
095	Dietary		14,649	0	14,649
100	Personal Care and Laundry		8,122	0	8,122
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 47,178	\$ (5,847)	\$ 41,331
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 74,797	\$ (7,648)	\$ 67,149
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 18,000	\$ 0	\$ 18,000
120	QMRP Fringe Benefits		2,182	0	2,182
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		76,624	0	76,624
140	Aides Fringe Benefits		9,290	0	9,290
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 106,096	\$ 0	\$ 106,096

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ADAMS ICF/DDN

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

Provider NPI:
1205051273

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 900	\$ 0	\$ 900
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		750	0	750
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		80,459	0	80,459
190	Psychologist Consultant		1,030	0	1,030
195	Physician Consultant				0
200	Recreational Consultant		938	0	938
205	Social Service Consultant				0
210	Other Consultant	1	1,100	(1,100)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 85,177	\$ (1,100)	\$ 84,077
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	4	\$ 57,600	\$ (1,131)	\$ 56,469
225	Administrative Fringe Benefits	4	7,578	(5,250)	2,328
226	Quality Assurance Fees (excluding Adult Day Services)		19,699	0	19,699
230	Other General and Administrative*** (excluding Adult Day Services)	1	5,336	1,100	6,436
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 90,213	\$ (5,281)	\$ 84,932
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 356,283	\$ (14,029)	\$ 342,254
	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)		\$ 356,283	\$ (14,029)	\$ 342,254

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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		
ADAMS ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1205051273	5		
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>RECLASSIFICATION OF REPORTED COST</u>											
1	4.1	210	4	2	210	3	Other Consultant	\$1,100	(\$1,100)	\$0	
	4.1	230	4	2	230	3	Other General and Administrative To reclassify other billing and accounting expense to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8	5,336	1,100	6,436	

Provider Name							Fiscal Period	Provider NPI		Adjustments
ADAMS ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1205051273		5
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>										
2	4	070	4	2	070	3	Property Insurance To reconcile the reported property insurance expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$6,728	(\$1,801)	\$4,927
3	4	090	4	2	090	3	Client Transportation To eliminate client transportation 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)	\$5,847	(\$5,847)	\$0
4	4.1	220	4	2	220	3	Administrative Salaries	\$57,600	(\$1,131)	\$56,469
	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 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	7,578	(5,250)	2,328

Provider Name				Fiscal Period				Provider NPI		Adjustments
ADAMS ICF/DDN				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1205051273		5
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 PATIENT DAYS</u>										
5	2	3	1	1	1	2	Medi-Cal Client Days	2,144	(2,144)	0
	2	3	2	1	2	2	Medi-Cal Managed Care Days	0	2,165	2,165
							To revise 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			