

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SAN MIGUEL HOUSE  
GILROY, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1285801241**

**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: Ken Phelan  
Auditor: Tyler Zeng**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 28, 2013

Carla McCormack, CEO  
Terra Bella Communities  
5810 Obata Way, Suite 1  
Gilroy, CA 95020-7039

SAN MIGUEL HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1285801241  
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	\$	373,659	\$	181.04
Net Audit Adjustment		<u>(46,846)</u>		<u>(25.71)</u>
Audited Cost/Cost Per Day	\$	<u>326,813</u>	\$	<u>155.33</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.

Carla McCormack  
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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:**  
SAN MIGUEL HOUSE

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

**Provider NPI:**  
1285801241

**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 13)	2,064	2,095
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 14)	0	9
4. Total Client Days	<u>2,064</u>	<u>2,104</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>373,659</u>	\$ <u>326,813</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>181.04</u>	\$ <u>155.33</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>0</u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAN MIGUEL HOUSE

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

Provider NPI:  
1285801241

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		\$ 0	\$ 0	\$ 0
050	Leases and Rentals		2,470	0	2,470
055	Real Property Taxes	4	0	4,311	4,311
060	Personal Property Taxes		0	0	0
065	Mortgage Interest	3	9,271	5,027	14,298
070	Property Insurance		1,462	0	1,462
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,203	\$ 9,338	\$ 22,541
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	5, 6	\$ 5,713	\$ (450)	\$ 5,263
085	Utilities	7	13,039	(1,100)	11,939
090	Client Transportation (excluding Adult Day Services)		5	0	5
095	Dietary	1, 9	10,571	(4,613)	5,958
100	Personal Care and Laundry	1, 8	8,726	(1,530)	7,196
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,054	\$ (7,693)	\$ 30,361
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 51,257	\$ 1,645	\$ 52,902
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	10	\$ 7,786	\$ (115)	\$ 7,671
120	QMRP Fringe Benefits	10	2,930	48	2,978
125	Lead Salaries	10	41,872	(2,316)	39,556
130	Lead Fringe Benefits	10	1,465	288	1,753
135	Aides Salaries	10	142,262	(7,954)	134,308
140	Aides Fringe Benefits	10	18,255	4,218	22,473
145	Other Salaries		0	0	0
150	Other Fringe Benefits		0	0	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 214,570	\$ (5,831)	\$ 208,739

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAN MIGUEL HOUSE

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

Provider NPI:  
1285801241

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		\$ 933	\$ 0	\$ 933
165	Speech Pathology Consultant		0	0	0
170	Physical Therapy Consultant		696	0	696
175	Occupational Therapy Consultant	11	2,800	(268)	2,532
180	Pharmacist Consultant	2	266	175	441
185	Nurse Consultant	2	42,139	(39,565)	2,574
190	Psychologist Consultant		1,675	0	1,675
195	Physician Consultant		0	0	0
200	Recreational Consultant		325	0	325
205	Social Service Consultant		0	0	0
210	Other Consultant	2, 12	5,644	(3,002)	2,642
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 54,478	\$ (42,660)	\$ 11,818
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **		\$ 24,501	\$ 0	\$ 24,501
225	Administrative Fringe Benefits		3,415	0	3,415
226	Quality Assurance Fees (excluding Adult Day Services)		8,978	0	8,978
230	Other General and Administrative*** (Excluding Adult Day Services)		16,460	0	16,460
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 53,354	\$ 0	\$ 53,354
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 373,659	\$ (46,846)	\$ 326,813
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services		\$ 0	\$ 0	\$ 0
241	Adult Day Services and Related Transportation		0	0	0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 373,659	\$ (46,846)	\$ 326,813

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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
SAN MIGUEL HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1285801241		14
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	095	4	2	095	3	Dietary	\$10,571	\$1,189	\$11,760 *	
	4	100	4	2	100	3	Personal Care and Laundry To reclassify dietary 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	8,726	(1,189)	7,537 *	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAN MIGUEL HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285801241		14
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	4.1	180	4	2	180	3	Pharmacist Consultant	\$266	\$175	\$441
	4.1	185	4	2	185	3	Nurse Consultant	42,139	(39,565)	2,574
	4.1	210	4	2	210	3	Other Consultant	5,644	(2,502)	3,142 *
							To adjust reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
3	4	065	4	2	065	3	Mortgage Interest	\$9,271	\$5,027	\$14,298
							To adjust mortgage interest expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
4	4	055	4	2	055	3	Real Property Taxes	\$0	\$4,311	\$4,311
							To include unreported real property taxes for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
5	4	080	4	2	080	3	Home Operations and Maintenance	\$5,713	(\$250)	\$5,463 *
							To adjust maintenance expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
6	4	080	4	2	080	3	Home Operations and Maintenance	* \$5,463	(\$200)	\$5,263
							To eliminate maintenance expense not related to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306			
7	4	085	4	2	085	3	Utilities	\$13,039	(\$1,100)	\$11,939
							To eliminate utilities expense not related to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments		
SAN MIGUEL HOUSE			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1285801241		14		
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>											
8	4	100	4	2	100	3	Personal Care and Laundry To adjust personal care expense due to lack of supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$7,537	(\$341)	\$7,196
9	4	095	4	2	095	3	Dietary To adjust dietary expense for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	*	\$11,760	(\$5,802)	\$5,958
10	4.1	115	4	2	115	3	QMRP Salaries		\$7,786	(\$115)	\$7,671
	4.1	120	4	2	120	3	QMRP Fringe Benefits		2,930	48	2,978
	4.1	125	4	2	125	3	Lead Salaries		41,872	(2,316)	39,556
	4.1	130	4	2	130	3	Lead Fringe Benefits		1,465	288	1,753
	4.1	135	4	2	135	3	Aides Salaries		142,262	(7,954)	134,308
	4.1	140	4	2	140	3	Aides Fringe Benefits To adjust direct care staff expenses for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		18,255	4,218	22,473
11	4.1	175	4	2	175	3	Occupational Therapy Consultant To adjust consultant expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$2,800	(\$268)	\$2,532
12	4.1	210	4	2	210	3	Other Consultant To eliminate consultant expense not related to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306	*	\$3,142	(\$500)	\$2,642

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
SAN MIGUEL HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1285801241		14
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 CLIENT DAYS</u></b>											
13	2	3	1	1	1	2	Medi-Cal Client Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through March 3, 2013 Reported Date: March 5, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408	2,064	31	2,095	
14	2	3	3	1	3	2	Other Client Days To adjust other client 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	0	9	9	