

**REPORT  
ON THE  
RATE SETTING AUDIT**

**PUTNAM WEST ICF/DDN  
ANTIOCH, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1629297122**

**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

January 11, 2013

Don Veridiano, Owner  
Del Monte, Inc.  
210 Del Monte Avenue  
South San Francisco, CA 94080

PUTNAM WEST ICF/DDN  
NATIONAL PROVIDER IDENTIFIER (NPI) 1629297122  
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	\$	299,797		\$ 157.70
Net Audit Adjustment		<u>(41,632)</u>		<u>(23.80)</u>
Audited Cost/Cost Per Day	\$	<u>258,165</u>		\$ <u>133.90</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:**  
PUTNAM WEST ICF/DDN

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

**Provider NPI:**  
1629297122

<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 6)	1,901	1,928
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,901</u>	<u>1,928</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>299,797</u>	\$ <u>258,165</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>157.70</u>	\$ <u>133.90</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
PUTNAM WEST ICF/DDN

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

Provider NPI:  
1629297122

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	1	\$ 6,246	\$ (2,684)	\$ 3,562
050	Leases and Rentals				0
055	Real Property Taxes		2,112	0	2,112
060	Personal Property Taxes				0
065	Mortgage Interest	2	10,324	(8,309)	2,015
070	Property Insurance		2,332	0	2,332
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,014	\$ (10,993)	\$ 10,021
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 4,847	\$ 0	\$ 4,847
085	Utilities		13,113	0	13,113
090	Client Transportation (excluding Adult Day Services)	3	6,981	(6,981)	0
095	Dietary		9,715	0	9,715
100	Personal Care and Laundry		4,536	0	4,536
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 39,192	\$ (6,981)	\$ 32,211
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 60,206	\$ (17,974)	\$ 42,232
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	5	\$ 18,000	\$ (18,000)	\$ 0
120	QMRP Fringe Benefits		1,669	0	1,669
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		73,182	0	73,182
140	Aides Fringe Benefits		6,784	0	6,784
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 99,635	\$ (18,000)	\$ 81,635

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
PUTNAM WEST ICF/DDN

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

Provider NPI:  
1629297122

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		\$ 675	\$ 0	\$ 675
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		690	0	690
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		80,430	0	80,430
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		900		900
205	Social Service Consultant				0
210	Other Consultant		1,100	0	1,100
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 83,795	\$ 0	\$ 83,795
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	4	\$ 34,048	\$ (1,003)	\$ 33,045
225	Administrative Fringe Benefits	4	4,655	(4,655)	0
226	Quality Assurance Fees (excluding Adult Day Services)		14,177	0	14,177
230	Other General and Administrative*** (Excluding Adult Day Services)		3,281		3,281
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 56,161	\$ (5,658)	\$ 50,503
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 299,797	\$ (41,632)	\$ 258,165
	<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)		\$ 299,797	\$ (41,632)	\$ 258,165

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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 WEST ICF/DDN							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1629297122		6
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	045	4	2	045	3	Depreciation and Amortization To adjust building depreciation expense for assets subject to DEFRA 42 CFR 413.153(d)(I) CMS Pub. 15-1, Sections 104.10 and 104.17	\$6,246	(\$2,684)	\$3,562
2	4	065	4	2	065	3	Mortgage Interest To eliminate nonallowable interest expense for assets subject to DEFRA. 42 CFR 413.153(d)(I) CMS Pub. 15-1, Sections 104.10	\$10,324	(\$8,309)	\$2,015
3	4	090	4	2	090	3	Client Transportation To eliminate transportation cost due to lack of supporting documentation and for expenses reimbursed by the adult day program. 42 CFR 413.2, 413.5, 413.24, and 413.9 CMS Pub. 15-1, Sections 2102.3, 2105.9, 2300, 2304, and 2328	\$6,981	(\$6,981)	\$0
4	4.1	220	4	2	220	3	Administrative Salaries	\$34,048	(\$1,003)	\$33,045
	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust 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	4,655	(4,655)	0
5	4.1	115	4	2	115	3	QMRP Salaries To eliminate QMRP salary due to a lack of supporting documentation. 42 CFR 413.2 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$18,000	(\$18,000)	\$0

Provider Name			Fiscal Period				Provider NPI		Adjustments	
PUTNAM WEST ICF/DDN			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1629297122		6	
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 PATIENT DAYS</u></b>										
6	2	3	1	1	1	2	Medi-Cal Client Days	1,901	27	1,928
	2	3	4	1	4	2	Total Client Days	1,901	27	1,928
							To adjust reported Medi-Cal Nursing Facility days based on the followir			
							Fiscal Intermediary Payment Date			
							Service Period: January 1, 2011 through December 31, 201			
							Payment Period: January 1, 2011 through July 31, 201:			
							Report Date: August 20, 2012			
							42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.13:			
							CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2404			