

**REPORT
ON THE
RATE SETTING AUDIT**

**AMERICAN STAR HOME I
SAN MATEO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1821200783**

**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: Maria Bernardez**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 1, 2013

Vicky Ting
Vice President
American Star Home
1209 Dakota Avenue
San Mateo, CA 94401-3003

AMERICAN STAR HOME I
NATIONAL PROVIDER IDENTIFIER (NPI) 1821200783
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	\$	402,095	\$ 190.48
Net Audit Adjustment		<u>(57,372)</u>	<u>(27.18)</u>
Audited Cost/Cost Per Day	\$	<u>344,723</u>	\$ <u>163.30</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.

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:
AMERICAN STAR HOME I

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

Provider NPI:
1821200783

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	0	0
2. Medi-Cal Managed Care Days (Adj)	2,111	2,111
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,111</u>	<u>2,111</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>402,095</u>	\$ <u>344,723</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>190.48</u>	\$ <u>163.30</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:
AMERICAN STAR HOME I

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

Provider NPI:
1821200783

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	3	\$ 11,544	\$ (6,198)	\$ 5,346
050	Leases and Rentals		0	0	0
055	Real Property Taxes		10,302	0	10,302
060	Personal Property Taxes		0	0	0
065	Mortgage Interest	4	38,532	(24,411)	14,121
070	Property Insurance		4,322	0	4,322
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 64,700	\$ (30,609)	\$ 34,091
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 5	\$ 21,478	\$ (1,764)	\$ 19,714
085	Utilities	1, 6	7,828	2,629	10,457
090	Client Transportation (excluding Adult Day Services)		7,869	0	7,869
095	Dietary		18,955	0	18,955
100	Personal Care and Laundry		0	0	0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 56,130	\$ 865	\$ 56,995
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 120,830	\$ (29,744)	\$ 91,086
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 25,950	\$ 0	\$ 25,950
120	QMRP Fringe Benefits		2,183	0	2,183
125	Lead Salaries	2	0	25,345	25,345
130	Lead Fringe Benefits	2	0	2,133	2,133
135	Aides Salaries		125,905	0	125,905
140	Aides Fringe Benefits		10,593	0	10,593
145	Other Salaries	2	25,345	(25,345)	0
150	Other Fringe Benefits	2	2,133	(2,133)	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 192,109	\$ 0	\$ 192,109

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
AMERICAN STAR HOME I

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

Provider NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,238	\$ 0	\$ 1,238
165	Speech Pathology Consultant		300	0	300
170	Physical Therapy Consultant		400	0	400
175	Occupational Therapy Consultant		420	0	420
180	Pharmacist Consultant		200	0	200
185	Nurse Consultant		0	0	0
190	Psychologist Consultant		890	0	890
195	Physician Consultant		0	0	0
200	Recreational Consultant		300	0	300
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 3,748	\$ 0	\$ 3,748
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 21,750	\$ 0	\$ 21,750
225	Administrative Fringe Benefits		1,830	0	1,830
226	Quality Assurance Fees (excluding Adult Day Services)	7	26,835	(2,236)	24,599
230	Other General and Administrative*** (excluding Adult Day Services)	1, 8, 9	34,993	(25,392)	9,601
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 85,408	\$ (27,628)	\$ 57,780
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 402,095	\$ (57,372)	\$ 344,723
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$ 0	\$ 0
241	Adult Day Services and Related Transportation		320,310	0	320,310
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 722,405	\$ (57,372)	\$ 665,033

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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		
AMERICAN STAR HOME I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1821200783	9		
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>RECLASSIFICATIONS OF REPORTED COSTS</u>											
1	4	080	4	2	080	3	Home Operations and Maintenance	\$21,478	(\$1,384)	\$20,094 *	
	4.1	230	4	2	230	3	Other General and Administrative	34,993	(2,871)	32,122 *	
	4	085	4	2	085	3	Utilities	7,828	4,255	12,083 *	
							To reclassify utilities expense to the proper cost center 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
2	4.1	125	4	2	125	3	Lead Salaries	\$0	\$25,345	\$25,345	
	4.1	130	4	2	130	3	Lead Fringe Benefits	0	2,133	2,133	
	4.1	145	4	2	145	3	Other Salaries	25,345	(25,345)	0	
	4.1	150	4	2	150	3	Other Fringe Benefits	2,133	(2,133)	0	
							To reclassify lead staff to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
AMERICAN STAR HOME I			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1821200783		9	
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>										
3	4	045	4	2	045	3	Depreciation and Amortization To eliminate nonallowable depreciation expense for assets subject to DEFRA/BBA. 42 CFR 413.134 / CMS Pub. 15-1, Section 104.10	\$11,544	(\$6,198)	\$5,346
4	4	065	4	2	065	3	Mortgage Interest To eliminate unnecessary mortgage interest for proper cost determination. 42 CFR 413.20, 413.24, and 413.153 CMS Pub. 15-1, Sections 202.2, 203, 2102.1, 2300, and 2304	\$38,532	(\$24,411)	\$14,121
5	4	080	4	2	080	3	Home Operations and Maintenance To disallow home supplies not related to patient care. 42 CFR 413.9(c)(3), 413.20, and 413.24 CMS Pub. 15-1, Sections 2100, 2102.3, 2300, and 2304	* \$20,094	(\$380)	\$19,714
6	4	085	4	2	085	3	Utilities To adjust utilities expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$12,083	(\$1,626)	\$10,457
7	4.1	226	4	2	226	3	Quality Assurance Fees To adjust quality assurance fees to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$26,835	(\$2,236)	\$24,599
8	4.1	230	4	2	230	3	Other General and Administrative To disallow entertainment costs not related to patient care. 42 CFR 413.5, 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2100, 2102.3, 2105.6, 2105.8, and 2304	* \$32,122	(\$921)	\$31,201 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
AMERICAN STAR HOME I				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1821200783		9	
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>ADJUSTMENT TO REPORTED COSTS</u>											
9	4.1	230	4	2	230	3	Other General and Administrative To disallow interest expense due to lack of documentation. 42 CFR 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2100, 2102.3, 2300, and 2304	*	\$31,201	(\$21,600)	\$9,601

*Balance carried forward from prior/to subsequent adjustments