

**REPORT  
ON THE  
RATE SETTING AUDIT**

**ALPINE HOME III  
PARADISE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1013927102**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Sacramento  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Steven Gary  
Audit Supervisor: Gary Diffenderffer  
Auditor: Janis Nelsen**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

October 22, 2012

Robert M. Carli  
Alpine Home III  
5577 Carli Court  
Paradise, CA 95969

ALPINE HOME III  
NATIONAL PROVIDER IDENTIFIER (NPI) 1013927102  
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	\$	407,036	\$ 202.81
Net Audit Adjustment		<u>(2,561)</u>	<u>(1.28)</u>
Audited Cost/Cost Per Day	\$	<u>404,475</u>	\$ <u>201.53</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.

Robert M. Carli  
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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—Sacramento at (916) 650-6994.

**Original Signed By**

Steven Gary, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
ALPINE HOME III

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

**Provider NPI:**  
1013927102

**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 )	1,460	1,460
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )	547	547
4. Total Client Days	<u>2,007</u>	<u>2,007</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>407,036</u>	\$ <u>404,475</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>202.81</u>	\$ <u>201.53</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:  
ALPINE HOME III

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

Provider NPI:  
1013927102

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	\$ 8,578	\$ 322	\$ 8,900
050	Leases and Rentals	5	816	(10)	806
055	Real Property Taxes		2,544		2,544
060	Personal Property Taxes				0
065	Mortgage Interest		6,208		6,208
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,146	\$ 312	\$ 18,458
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 9,322	\$	\$ 9,322
085	Utilities		7,797		7,797
090	Client Transportation (excluding Adult Day Services)		2,181		2,181
095	Dietary		9,306		9,306
100	Personal Care and Laundry		4,691		4,691
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 33,297	\$ 0	\$ 33,297
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 51,443	\$ 312	\$ 51,755
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 8,106	\$	\$ 8,106
120	QMRP Fringe Benefits		2,678		2,678
125	Lead Salaries	2	63,313	(125)	63,188
130	Lead Fringe Benefits		20,562		20,562
135	Aides Salaries	2	138,453	(948)	137,505
140	Aides Fringe Benefits		50,319		50,319
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 283,431	\$ (1,073)	\$ 282,358

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ALPINE HOME III

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

Provider NPI:  
1013927102

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		\$ 1,159	\$	\$ 1,159
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		913		913
175	Occupational Therapy Consultant		2,040		2,040
180	Pharmacist Consultant		300		300
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		1,690		1,690
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant	3	1,800	(1,800)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,902	\$ (1,800)	\$ 6,102
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 22,002	\$	\$ 22,002
225	Administrative Fringe Benefits		9,450		9,450
226	Quality Assurance Fees (excluding Adult Day Services)		14,079		14,079
230	Other General and Administrative*** (Excluding Adult Day Services)		18,729		18,729
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 64,260	\$ 0	\$ 64,260
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 407,036	\$ (2,561)	\$ 404,475
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	2, 3	\$ 0	\$ 2,873	\$ 2,873
241	Adult Day Services and Related Transportation		267,795		267,795
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 674,831	\$ 312	\$ 675,143

\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name		Fiscal Period		Provider NPI		Adjustments		
ALPINE HOME III		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1013927102		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
1	4.1	245	3	245	2	\$656,361	\$18,470	\$674,831
<p><b>Explanation of Audit Adjustments</b>  <b>MEMORANDUM ADJUSTMENT</b></p> <p><b>Total Facility Expenses:</b>                      The total expenses on Cost Report page 4.1, column 4, line 245, did not foot due to an addition error. The reported amount is \$656,361 and the correct amount is \$674,831, a variance of \$18,470.</p>								

Provider Name		Fiscal Period		Provider NPI		Adjustments				
ALPINE HOME III		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1013927102		5				
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted		
		Cost Report	Audit Report	Line	Col					
<b>RECLASSIFICATIONS OF REPORTED COSTS</b>										
2	4.1	125	4	2	125	2	Lead Salaries	\$63,313	(\$125)	\$63,188
	4.1	135	4	2	135	2	Aides Salaries	138,453	(948)	137,505
	4.1	240	4	2	240	2	Non-Program Services	0	1,073	1,073 *
To reclassify Respite Care expenses not included in the routine rate 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 CCR, Title 22, Section 51510.3										
3	4.1	210	4	2	210	2	Other Consultant	\$1,800	(\$1,800)	\$0
	4.1	240	4	2	240	2	Non-Program Services	1,073	1,800	2,873
To reclassify Other Consultant expenses for massage therapy services, not included in the routine rate, 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 CCR, Title 22, Section 51510.3										

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments		
ALPINE HOME III		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1013927102		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References			Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.				
4	4	045	4	2	045	2	\$8,578	\$8,900
Depreciation and Amortization To include loss on disposal of asset in the year of disposal. 42 CFR 413.20 CMS Pub. 15-1, Sections 132 and 132.3								
5	4	050	4	2	050	2	\$816	\$806
Leases and Rentals To eliminate late fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105								
<b>ADJUSTMENTS TO REPORTED COSTS</b>								