

**REPORT
ON THE
RATE SETTING AUDIT**

**CEDAR
FRESNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1598972622**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kristina Nacino
Auditor: Effie Zoulek**



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



EDMUND G. BROWN JR.
GOVERNOR

June 13, 2013

Leah Nutter, Administrator
Valley Care, Inc.
140 North Clovis Avenue
Clovis, CA 93612

CEDAR
NATIONAL PROVIDER IDENTIFIER (NPI) 1598972622
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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, patient days, and use of share of cost 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	\$	462,695	\$ 245.20
Net Audit Adjustment		(136,678)	(72.43)
Audited Cost/Cost Per Day	\$	<u>326,017</u>	\$ <u>172.77</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$6,652, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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 Medi-Cal Benefits, Waiver Analysis and Rates 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:

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—Fresno at

Leah Nutter
Page 3

(559) 446-2458.

Original Signed By

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

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

Provider:

CEDAR

Fiscal Period:

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:

1598972622

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,887	1,887
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,887</u>	<u>1,887</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>462,695</u>	\$ <u>326,017</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>245.20</u>	\$ <u>172.77</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 21)	\$ <u>NA</u>	\$ <u>(6,234)</u>
--------------------------------------------	--------------	-------------------

OVERPAYMENTS

1. Overpayment (Adj 22)	\$ <u>0</u>	\$ <u>(418)</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(418)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CEDAR

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

Provider NPI:
1598972622

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	\$ 12,847	\$ (4,113)	\$ 8,734
050	Leases and Rentals				0
055	Real Property Taxes		2,180		2,180
060	Personal Property Taxes				0
065	Mortgage Interest		18,611		18,611
070	Property Insurance	20	1,030	(1,030)	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 34,668	\$ (5,143)	\$ 29,525
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	4	\$ 6,999	\$ (932)	\$ 6,067
085	Utilities	11	13,091	(395)	12,696
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary	15	12,446	(109)	12,337
100	Personal Care and Laundry	12, 13, 14	9,884	(5,979)	3,905
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,420	\$ (7,415)	\$ 35,005
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 77,088	\$ (12,558)	\$ 64,530
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	1	\$ 4,805	\$ (363)	\$ 4,442
120	QMRP Fringe Benefits	1	2,161	(170)	1,991
125	Lead Salaries	2	6,818	142	6,960
130	Lead Fringe Benefits	2, 18	6,780	(2,095)	4,685
135	Aides Salaries	2, 19	105,307	(4,116)	101,191
140	Aides Fringe Benefits	2, 18, 19	38,384	(23,710)	14,674
145	Other Salaries	1	44,947	(945)	44,002
150	Other Fringe Benefits	1, 16, 18	42,127	(20,349)	21,778
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 251,329	\$ (51,606)	\$ 199,723

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CEDAR

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

Provider NPI:
1598972622

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 363	\$	\$ 363
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		487		487
185	Nurse Consultant				0
190	Psychologist Consultant	17	400	(400)	0
195	Physician Consultant	17	50	(50)	0
200	Recreational Consultant		400		400
205	Social Service Consultant	17	375	(150)	225
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,075	\$ (600)	\$ 1,475
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	2	\$ 9,874	\$ (9,874)	\$ 0
225	Administrative Fringe Benefits	2	25,091	(25,091)	0
226	Quality Assurance Fees (excluding Adult Day Services)		12,315		12,315
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 5, 6, 7, 8, 9, 10	84,923	(36,949)	47,974
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 132,203	\$ (71,914)	\$ 60,289
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 462,695	\$ (136,678)	\$ 326,017
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 6,198	\$	\$ 6,198
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 468,893	\$ (136,678)	\$ 332,215

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
CEDAR							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1598972622		22
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				
ADJUSTMENTS TO REPORTED COSTS										
1	4.1	115	4	2	115	3	QMRP Salaries	\$4,805	(\$363)	\$4,442
	4.1	120	4	2	120	3	QMRP Fringe Benefits	2,161	(170)	1,991
	4.1	145	4	2	145	3	Other Salaries	44,947	(945)	44,002
	4.1	150	4	2	150	3	Other Fringe Benefits	42,127	(790)	41,337 *
							To adjust reported home office direct costs to agree with the Valley Care, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304			
2	4.1	125	4	2	125	3	Lead Salaries	\$6,818	\$142	\$6,960
	4.1	130	4	2	130	3	Lead Fringe Benefits	6,780	(198)	6,582 *
	4.1	135	4	2	135	3	Aides Salaries	105,307	(2,334)	102,973 *
	4.1	140	4	2	140	3	Aides Fringe Benefits	38,384	(20,039)	18,345 *
	4.1	220	4	2	220	3	Administrative Salaries	9,874	(9,874)	0
	4.1	225	4	2	225	3	Administrative Fringe Benefits	25,091	(25,091)	0
	4.1	230	4	2	230	3	Other General and Administrative	84,923	(75,627)	9,296 *
							To reverse the provider's adjustments of home office pooled costs in order to properly incorporate the audited home office pooled cost. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304			
3	4	045	4	2	045	3	Depreciation and Amortization	\$12,847	(\$4,113)	\$8,734
							To eliminate depreciation expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
4	4	080	4	2	080	3	Home Operations and Maintenance	\$6,999	(\$932)	\$6,067
							To eliminate expenses not related to the audited facility and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name				Fiscal Period				Provider NPI		Adjustments
CEDAR				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1598972622		22
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>										
	4.1	230	4	2	230	3	Other General and Administrative	*	\$9,296	
5							To include audited home office pooled cost to agree with the Valley Care, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304		\$42,063	
6							To eliminate staff meals and bonus expenses not related to patient care and due to insufficient documentation. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105, 2300 and 2304		(1,840)	
7							To eliminate laboratory expense not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(b)		(375)	
8							To eliminate banking charges due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(631)	
9							To eliminate furniture expenses not related to the audited facility and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(333)	
10							To adjust bond insurance expense to agree with expense applicable to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		(206) \$38,678	\$47,974
*Balance carried forward from prior/to subsequent adjustments										Page 2

Provider Name				Fiscal Period				Provider NPI		Adjustments
CEDAR				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1598972622		22
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>										
11	4	085	4	2	085	3	Utilities To eliminate AT&T service expense not related to the audited facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$13,091	(\$395)	\$12,696
	4	100	4	2	100	3	Personal Care and Laundry	\$9,884		
12							To eliminate expenses for clients' personal items not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(e)		(\$65)	
13							To eliminate legend drug expenses not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(b)		(5,336)	
14							To eliminate durable medical equipment expenses not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(b)		(578) (\$5,979)	\$3,905
15	4	095	4	2	095	3	Dietary To eliminate dietary expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$12,446	(\$109)	\$12,337

Provider Name			Fiscal Period				Provider NPI		Adjustments		
CEDAR			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1598972622		22		
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>RECLASSIFICATIONS OF REPORTED COSTS</u>											
16	4.1	150	4	2	150	3	Other Fringe Benefits To eliminate day program benefit expenses for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$41,337	(\$1,706)	\$39,631 *
17	4.1	190	4	2	190	3	Psychologist Consultant		\$400	(\$400)	\$0
	4.1	195	4	2	195	3	Physician Consultant		50	(50)	0
	4.1	205	4	2	205	3	Social Service Consultant To eliminate consultant expenses not related to the audited facility and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		375	(150)	225
18	4.1	130	4	2	130	3	Lead Fringe Benefits	*	\$6,582	(\$1,897)	\$4,685
	4.1	140	4	2	140	3	Aides Fringe Benefits	*	18,345	(3,353)	14,992 *
	4.1	150	4	2	150	3	Other Fringe Benefits To adjust payroll tax expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	39,631	(17,853)	21,778
19	4.1	135	4	2	135	3	Aides Salaries	*	\$102,973	(\$1,782)	\$101,191
	4.1	140	4	2	140	3	Aides Fringe Benefits To abate one to one revenue against related costs. 42 CFR 413.5, 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2328	*	14,992	(318)	14,674

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
CEDAR				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1598972622		22
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 COSTS</u>										
20	4	070	4	2	070	3	Property Insurance To eliminate mortgage interest and property insurance expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,030	(\$1,030)	\$0

Provider Name			Fiscal Period				Provider NPI		Adjustments	
CEDAR			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1598972622		22	
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 OTHER MATTERS</u>										
21	N/A			1	1	N/A	Share of Cost To adjust share of cost for amounts not properly deducted from the amount billed. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$6,234	\$6,234
22	N/A			1	1	N/A	Overpayment To recover Medi-Cal payment for the 9th bed hold day and the day of discharge. 42 CFR 413.20, 413.24 and 433.139 CMS Pub. 15-1, Sections 2205.1, 2300, 2304 and 2309 CCR, Title 22, Sections 51458.1, 51535.1(a) and 51535.1(b)	\$0	\$418	\$418