

**REPORT
ON THE
RATE SETTING AUDIT**

**DAVIDSON ADULT HOMES – BROOKDALE DRIVE
MERCED, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1184811895**

**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: Svetlana Lysenko**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 04, 2013

Julie Davidson, Administrator
Davidson Residential Homes
3022 G Street, Suite 101
Merced, CA 95340

DAVIDSON ADULT HOMES – BROOKDALE DRIVE
NATIONAL PROVIDER IDENTIFIER (NPI) 1184811895
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, 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	\$	377,487	\$ 177.31
Net Audit Adjustment		<u>(18,474)</u>	<u>(8.68)</u>
Audited Cost/Cost Per Day	\$	<u>359,013</u>	\$ <u>168.63</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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.

Julie Davidson
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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:

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 (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:
DAVIDSON ADULT HOMES - BROOKDALE DRIVE

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

Provider NPI:
1184811895

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	_____	_____ 0
2. Medi-Cal Managed Care Days (Adj)	_____ 2,129	_____ 2,129
3. Other Client Days (Adj)	_____	_____ 0
4. Total Client Days	<u>_____ 2,129</u>	<u>_____ 2,129</u>
5. Total Client Care Expenses (From Sch. 2)	\$ _____ 377,487	\$ _____ 359,013
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ _____ 177.31	\$ _____ 168.63
 SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ _____ NA	\$ _____ 0
 OVERPAYMENTS		
1. Duplicate Payments (Adj)	\$ _____	\$ _____ 0
2. Credit Balances (Adj)	\$ _____	\$ _____ 0
3. Total Overpayments	\$ _____ 0	\$ _____ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DAVIDSON ADULT HOMES - BROOKDALE DRIVE

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

Provider NPI:
1184811895

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		\$ 6,069	\$	\$ 6,069
050	Leases and Rentals				0
055	Real Property Taxes		1,582		1,582
060	Personal Property Taxes				0
065	Mortgage Interest	1	4,340	(1,652)	2,688
070	Property Insurance	7	1,204	(181)	1,023
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,195	\$ (1,833)	\$ 11,362
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	8-10	\$ 9,760	\$ (2,103)	\$ 7,657
085	Utilities	11-12	10,182	(300)	9,882
090	Client Transportation (excluding Adult Day Services)	2	8,202	(5,762)	2,440
095	Dietary		20,090		20,090
100	Personal Care and Laundry	3	3,783	(513)	3,270
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 52,017	\$ (8,678)	\$ 43,339
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,212	\$ (10,511)	\$ 54,701
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,249	\$	\$ 14,249
120	QMRP Fringe Benefits		3,863		3,863
125	Lead Salaries		21,975		21,975
130	Lead Fringe Benefits		3,609		3,609
135	Aides Salaries	4	109,274	1,000	110,274
140	Aides Fringe Benefits		18,826		18,826
145	Other Salaries	4	39,970	1,924	41,894
150	Other Fringe Benefits		9,764		9,764
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 221,530	\$ 2,924	\$ 224,454

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DAVIDSON ADULT HOMES - BROOKDALE DRIVE

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		\$ 1,062	\$	\$ 1,062
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		2,978		2,978
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,200		1,200
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 5,240	\$ 0	\$ 5,240
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	6	\$ 29,069	\$ (2,306)	\$ 26,763
225	Administrative Fringe Benefits	6	6,919	(712)	6,207
226	Quality Assurance Fees (excluding Adult Day Services)		21,958		21,958
230	Other General and Administrative*** Adult Day Services) (Excluding	5	27,559	(7,869)	19,690
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 85,505	\$ (10,887)	\$ 74,618
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 377,487	\$ (18,474)	\$ 359,013
	NON-CLIENT CARE EXPENSES		(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)		\$ 377,487	\$ (18,474)	\$ 359,013

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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		
DAVIDSON ADULT HOMES - BROOKDALE DRIVE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184811895	12		
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	065	4	2	065	3	Mortgage Interest To adjust mortgage interest expense to agree with the provider amortization schedule and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,340	(\$1,652)	\$2,688	
2	4	090	4	2	090	3	Client Transportation To eliminate gasoline expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,202	(\$5,762)	\$2,440	
3	4	100	4	2	100	3	Personal Care and Laundry To eliminate over-the-counter drugs expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$3,783	(\$513)	\$3,270	
4	4.1	135	4	2	135	3	Aides Salaries	\$109,274	\$1,000	\$110,274	
	4.1	145	4	2	145	3	Other Salaries To adjust direct care staff salaries to agree with the payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	39,970	1,924	41,894	
5	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Davidson Residential Home Office audit report for fiscal year ending December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	\$27,559	(\$7,869)	\$19,690	
6	4.1	220	4	2	220	3	Administrative Salaries	\$29,069	(\$2,306)	\$26,763	
	4.1	225	4	2	225	3	Administrative Fringe Benefits To eliminate salaries and benefits expenses not related to patient care. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102, 2105, 2300 and 2304	6,919	(712)	6,207	

Provider Name							Fiscal Period	Provider NPI		Adjustments
DAVIDSON ADULT HOMES - BROOKDALE DRIVE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184811895		12
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										
7	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,204	(\$181)	\$1,023
	4	080	4	2	080	3	Home Operations and Maintenance	\$9,760		
8							To adjust home operations and maintenance expense for items not included in the rate and not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105 CCR, Title 22, 51510.3		(\$244)	
9							To adjust home operations and maintenance expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(967)	
10							To eliminate pet care expenses not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105		(892) (\$2,103)	\$7,657
	4	085	4	2	085	3	Utilities	\$10,182		
11							To adjust utilities expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		(\$280)	
12							To eliminate the costs of fines and penalties not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105		(20) (\$300)	\$9,882