

**REPORT
ON THE
RATE SETTING AUDIT**

**DOWNEY ADULT HOME CARE I
DOWNEY, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1467660670**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Henry Igboke
Auditor: Janie Lee**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: December 6, 2012

Lorna Arceo,
Vice President
Downey Adult Home Care I
7943 7th Street
Downey, CA 90241

DOWNEY ADULT HOME CARE I
NATIONAL PROVIDER IDENTIFIER (NPI) 1467660670
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	\$	370,155	\$ 200.73
Net Audit Adjustment		(11,859)	(6.43)
Audited Cost/Cost Per Day	\$	<u>358,296</u>	\$ <u>194.30</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 Rate Development Branch.

Lorna Arceo
Page 2

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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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

Provider:
DOWNEY ADULT HOME CARE I

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

Provider NPI:
1467660670

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,844	1,844
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,844</u>	<u>1,844</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>370,155</u>	\$ <u>358,296</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>200.73</u>	\$ <u>194.30</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

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:
DOWNEY ADULT HOME CARE I

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

Provider NPI:
1467660670

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		\$	\$	\$ 0
050	Leases and Rentals		28,201		28,201
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,201	\$ 0	\$ 28,201
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,595	\$	\$ 8,595
085	Utilities		8,374		8,374
090	Client Transportation (excluding Adult Day Services)	1	2,265	2,208	4,473
095	Dietary		9,172		9,172
100	Personal Care and Laundry		8,800		8,800
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,206	\$ 2,208	\$ 39,414
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 65,407	\$ 2,208	\$ 67,615
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,400	\$	\$ 14,400
120	QMRP Fringe Benefits				0
125	Lead Salaries	2	7,920	45,664	53,584
130	Lead Fringe Benefits	2, 3	1,465	5,021	6,486
135	Aides Salaries		78,851		78,851
140	Aides Fringe Benefits		9,057		9,057
145	Other Salaries	5	1,023	(1,023)	0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 112,716	\$ 49,662	\$ 162,378

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
DOWNEY ADULT HOME CARE I

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

Provider NPI:
1467660670

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	9	\$ 900	\$ (270)	\$ 630
165	Speech Pathology Consultant		1,281		1,281
170	Physical Therapy Consultant	4	1,802	(420)	1,382
175	Occupational Therapy Consultant	4, 10	937	270	1,207
180	Pharmacist Consultant	10	250	(125)	125
185	Nurse Consultant	2, 3	62,685	(50,685)	12,000
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant	9	1,279	(220)	1,059
205	Social Service Consultant				0
210	Other Consultant	1	2,208	(2,208)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 71,342	\$ (53,658)	\$ 17,684
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	6	\$ 61,535	\$ (5,900)	\$ 55,635
225	Administrative Fringe Benefits	7	3,989	(871)	3,118
226	Quality Assurance Fees (excluding Adult Day Services)		21,921		21,921
230	Other General and Administrative*** (Excluding Adult Day Services)	8	33,245	(3,300)	29,945
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 120,690	\$ (10,071)	\$ 110,619
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 370,155	\$ (11,859)	\$ 358,296
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		262,076		262,076
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 632,231	\$ (11,859)	\$ 620,372

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		
DOWNEY ADULT HOME CARE I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1467660670	10		
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	4.1	210	4	2	210	3	Other Consultant	\$2,208	(\$2,208)	\$0	
	4	090	4	2	090	3	Client Transportatior To reclassify client-related transportation cost to the appropriat cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	2,265	2,208	4,473	
2	4.1	185	4	2	185	3	Nurse Consultant	\$62,685	(\$50,383)	\$12,302 *	
	4.1	125	4	2	125	3	Lead Salaries	7,920	45,664	53,584	
	4.1	130	4	2	130	3	Lead Benefits To reclassify nursing employee salaries and benefits to the appropriate cost centers. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	1,465	4,719	6,184 *	
3	4.1	185	4	2	185	3	Nurse Consultant	* \$12,302	(\$302)	\$12,000	
	4.1	130	4	2	130	3	Lead Benefits To reclassify nursing employee workers compensation insurance expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	* 6,184	302	6,486	
4	4.1	170	4	2	170	3	Physical Therapy Consultant	\$1,802	(\$420)	\$1,382	
	4.1	175	4	2	175	3	Occupational Therapy Consultant To reclassify consultant cost to the correct cost center based on the consultant invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	937	420	1,357 *	

Provider Name							Fiscal Period	Provider NPI		Adjustments	
DOWNEY ADULT HOME CARE I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1467660670		10	
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											
5	4.1	145	4	2	145	3	Other Salaries To eliminate Other Salaries reported as direct care staff cost due to insufficient payroll documentation. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2130, 2300 and 2304	\$1,023	(\$1,023)	\$0	
6	4.1	220	4	2	220	3	Administrative Salaries To eliminate payment to the owner reported as administrative salary due to insufficient payroll documentation. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2130, 2300 and 2304	\$61,535	(\$5,900)	\$55,635	
7	4.1	225	4	2	225	3	Administrative Fringe Benefits To eliminate life insurance benefit cost due to insufficient documentation. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2130, 2300 and 2304	\$3,989	(\$871)	\$3,118	
8	4.1	230	4	2	230	3	Other General and Administrative To eliminate legal expense related to another facility. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2130, 2300 and 2304	\$33,245	(\$3,300)	\$29,945	
9	4.1	160	4	2	160	3	Dietitian Consultant	\$900	(\$270)	\$630	
	4.1	200	4	2	200	3	Recreational Consultant To eliminate consultants expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302 and 2304	1,279	(220)	1,059	
10	4.1	175	4	2	175	3	Occupational Therapy Consultant	*	\$1,357	(\$150)	\$1,207
	4.1	180	4	2	180	3	Pharmacist Consultant To eliminate prior year's occupational therapy and pharmacist consultants expenses. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302 and 2304	250	(125)	125	

*Balance carried forward from prior/to subsequent adjustments