

**REPORT
ON THE
RATE SETTING AUDIT**

**FORBES
CLAREMONT, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1386772796**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Virat Shah
Auditor: Teresa Zapata**



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



EDMUND G. BROWN JR.
GOVERNOR

February 6, 2013

Nancy Segaar, Treasurer
Ability Pathways, Inc.
1042 North Mountain Avenue, Suite B, Box 447
Upland, CA 91786-3695

FORBES
NATIONAL PROVIDER IDENTIFIER (NPI) 1386772796
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	\$	450,777	\$ 206.21
Net Audit Adjustment		<u>(1,253)</u>	<u>(0.57)</u>
Audited Cost/Cost Per Day	\$	<u>449,524</u>	\$ <u>205.64</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 \$641, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider,

and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) 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 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:

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.

Nancy Segaar
Page 3

If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Samantha A. Parola, CPA
Wiebe & Associates
377 North Central Avenue
Upland, CA 91786

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

Provider:
FORBES

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

Provider NPI:
1386772796

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,186	2,186
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,186</u>	<u>2,186</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>450,777</u>	\$ <u>449,524</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>206.21</u>	\$ <u>205.64</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
OVERPAYMENTS		
1. Overpayments (Adj 3)	\$ <u>0</u>	\$ <u>(641)</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(641)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
FORBES

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

Provider NPI:
1386772796

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		\$ 4,254	\$	\$ 4,254
050	Leases and Rentals		32,109		32,109
055	Real Property Taxes		3,415		3,415
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		1,067		1,067
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 40,845	\$ 0	\$ 40,845
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 16,725	\$	\$ 16,725
085	Utilities		8,526		8,526
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		3,984		3,984
100	Personal Care and Laundry		1,020		1,020
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 30,255	\$ 0	\$ 30,255
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 71,100	\$ 0	\$ 71,100
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,794	\$	\$ 12,794
120	QMRP Fringe Benefits		3,008		3,008
125	Lead Salaries		20,295		20,295
130	Lead Fringe Benefits		4,772		4,772
135	Aides Salaries		119,329		119,329
140	Aides Fringe Benefits		28,318		28,318
145	Other Salaries		62,507		62,507
150	Other Fringe Benefits		14,697		14,697
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 265,720	\$ 0	\$ 265,720

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
FORBES

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

Provider NPI:
1386772796

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 891	\$	\$ 891
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,440		1,440
175	Occupational Therapy Consultant		900		900
180	Pharmacist Consultant		400		400
185	Nurse Consultant		221		221
190	Psychologist Consultant		3,240		3,240
195	Physician Consultant		3,480		3,480
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,572	\$ 0	\$ 10,572
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		22,738		22,738
230	Other General and Administrative*** Adult Day Services	(Excluding 1, 2)	80,647	(1,253)	79,394
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 103,385	\$ (1,253)	\$ 102,132
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 450,777	\$ (1,253)	\$ 449,524
	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)		\$ 450,777	\$ (1,253)	\$ 449,524

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		
FORBES		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1386772796		3		
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Line	Col			
		Line	Col.	Sch.	Line	Col		
ADJUSTMENTS TO REPORTED COSTS								
1	4.1	230	4	2	230	3	Other General and Administrative	
							To adjust license fees to agree with the license renewal invoices and exclude penalty fees	
							42 CFR 413.20, 413.24, and 413.9(c)(3)	
							CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	
								\$80,647 (\$510)
2							To adjust reported home office costs to agree with the Ability Pathways, Inc., Home Office Audit Report for fiscal period ended December 31, 2011.	
							42 CFR 413.17 and 413.24	
							CMS Pub. 15-1, Sections 2150.2 and 2304	
								(743) (\$1,253) \$79,394

Provider Name		Fiscal Period		Provider NPI		Adjustments		
FORBES		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1386772796		3		
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.	Sch.			
3	1	N/A				\$0	\$641	\$641
<p>Overpayments To recover overpayments for overstated Medi-Cal patient days and for billing the incorrect rate for bedhold days. 42 CFR 433.139, 413.20, 413.24, and 431.07 CMS Pub. 15-1, Sections 2300, 2304, and 2409 CCR, Title 22, Section 51458.1</p> <p style="text-align: center;"><u>ADJUSTMENT TO OTHER MATTERS</u></p>								