

**REPORT
ON THE
RATE SETTING AUDIT**

**GAITHER'S FAMILY HOME #3 - CARMELO
TULARE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1972628287**

**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: Kathy Atkins
Auditor: Paul Vandruck**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 05, 2013

Henrietta Gaither, Owner/President
Gaither's Family Home #3 - Carmelo
1408 South Newcomb
Porterville, CA 93257

GAITHER'S FAMILY HOME #3 - CARMELO
NATIONAL PROVIDER IDENTIFIER (NPI) 1972628287
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	\$	303,909	\$ 139.54
Net Audit Adjustment		(42,016)	(19.95)
Audited Cost/Cost Per Day	\$	<u>261,893</u>	\$ <u>119.59</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 \$18,339, which resulted from Medi-Cal overpayments

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

Henrietta Gaither
Page 3

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:
GAITHER'S FAMILY HOME #3 - CARMELO

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

Provider NPI:
1972628287

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 11)	2,178	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,178</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>303,909</u>	\$ <u>261,893</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>139.54</u>	\$ <u>119.59</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 12)	\$ <u>NA</u>	\$ <u>(18,339)</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:
GAITHER'S FAMILY HOME #3 - CARMELO

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

Provider NPI:
1972628287

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	7	\$ 3,008	\$ 4,025	\$ 7,033
050	Leases and Rentals	6	24,550	(24,550)	0
055	Real Property Taxes		836		836
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	8		2,980	2,980
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,394	\$ (17,545)	\$ 10,849
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	10	\$ 20,336	\$ (676)	\$ 19,660
085	Utilities		4,267		4,267
090	Client Transportation (excluding Adult Day Services)	1	11,583	(11,583)	0
095	Dietary	4	9,047	(3,861)	5,186
100	Personal Care and Laundry	5	2,245	(1,260)	985
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 47,478	\$ (17,380)	\$ 30,098
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 75,872	\$ (34,925)	\$ 40,947
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 31,200		\$ 31,200
120	QMRP Fringe Benefits		4,618		4,618
125	Lead Salaries		11,968		11,968
130	Lead Fringe Benefits		1,145		1,145
135	Aides Salaries		122,467		122,467
140	Aides Fringe Benefits		16,014		16,014
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 187,412	\$ 0	\$ 187,412

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GAITHER'S FAMILY HOME #3 - CARMELO

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

Provider NPI:
1972628287

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	9	\$ 3,673	\$ (1,370)	\$ 2,303
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		2,400		2,400
185	Nurse Consultant		17,388		17,388
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant	2	1,410	(360)	1,050
205	Social Service Consultant				0
210	Other Consultant	2	160	(160)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 25,031	\$ (1,890)	\$ 23,141
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		5,116		5,116
230	Other General and Administrative*** (Excluding Adult Day Services)	3	10,478	(5,201)	5,277
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 15,594	\$ (5,201)	\$ 10,393
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 303,909	\$ (42,016)	\$ 261,893
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation	1		11,583	11,583
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 303,909	\$ (30,433)	\$ 273,476

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
GAITHER'S FAMILY HOME #3 - CARMELO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1972628287		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						
<u>RECLASSIFICATION OF REPORTED COSTS</u>												
1	4	090	4	2	090	3	Client Transportation		\$11,583		(\$11,583)	\$0
	4.1	241	4	2	241	3	Adult Day Services and Related Transportatio		0		11,583	11,583
							To reclassify client transportation costs to the appropriate cost cente					
							for proper cost determination					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					
							W&I Code Section 14132.925(b)(1)					

Provider Name				Fiscal Period				Provider NPI		Adjustments
GAITHER'S FAMILY HOME #3 - CARMELO				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1972628287		12
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>										
2	4.1	200	4	2	200	3	Recreational Consultant	\$1,410	(\$360)	\$1,050
	4.1	210	4	2	210	3	Other Consultant	160	(160)	0
							To eliminate consultant costs not included in the rate or 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			
3	4.1	230	4	2	230	3	Other General and Administrative	\$10,478	(\$5,201)	\$5,277
							To eliminate Other General and Administrative expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
4	4	095	4	2	095	3	Dietary	\$9,047	(\$3,861)	\$5,186
							To eliminate dietary expenses not related to client care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105			
5	4	100	4	2	100	3	Personal Care and Laundry	\$2,245	(\$1,260)	\$985
							To eliminate the cost of personal items not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3			
6	4	050	4	2	050	3	Leases and Rentals	\$24,550	(\$24,550)	\$0
							To eliminate lease expenses paid to a related party. 42 CFR 413.17, 413.20, 413.24 and 413.134(h) CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
GAITHER'S FAMILY HOME #3 - CARMELO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1972628287		12
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>										
7	4	045	4	2	045	3	Depreciation and Amortization To include the cost of ownership in lieu of related party lease expense. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Section 1011.5	\$3,008	\$4,025	\$7,033
8	4	070	4	2	070	3	Property Insurance To include property insurance expense in lieu of related party lease expense. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Section 1011.5	\$0	\$2,980	\$2,980
9	4.1	160	4	2	160	3	Dietician Consultant To eliminate dietician consultant costs to agree with the provider's records and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,673	(\$1,370)	\$2,303
10	4	080	4	2	080	3	Home Operations and Maintenance To eliminate maintenance costs belonging to other facilities. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$20,336	(\$676)	\$19,660

Provider Name				Fiscal Period				Provider NPI		Adjustments
GAITHER'S FAMILY HOME #3 - CARMELO				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1972628287		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				
<u>ADJUSTMENT TO REPORTED CLIENT DAYS</u>										
11	2	3	1	1	1	N/A	Total Client Days - Medi-Cal To adjust client days to agree with the provider's census. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205.4, 2300 and 2304 CCR, Title 22, Sections 51535(a), 51535(b) and 51535.1	2,178	12	2,190

Provider Name							Fiscal Period			Provider NPI		Adjustments
GAITHER'S FAMILY HOME #3 - CARMELO							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1972628287		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						
<u>ADJUSTMENT TO OTHER MATTERS</u>												
12	N/A			1	1	N/A	Share of Cost		\$0	\$18,339	\$18,339	
							To recover share of cost that was not properly deducted from the amount billed.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300, 2304 and 2409					
							CCR, Title 22, Section 50786 and 51458					