

**REPORT
ON THE
RATE SETTING AUDIT**

**GAITHER'S FAMILY HOME #4 - HILLCREST
TULARE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1154446466**

**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 09, 2013

Henrietta Gaither, Owner/President
Gaither's Family Home #4 - Hillcrest
1408 South Newcomb
Porterville, CA 93257

GAITHER'S FAMILY HOME #4 - HILLCREST
NATIONAL PROVIDER IDENTIFIER (NPI) 1154446466
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	\$	304,479	\$ 140.70
Net Audit Adjustment		<u>(39,432)</u>	<u>(19.67)</u>
Audited Cost/Cost Per Day	\$	<u>265,047</u>	\$ <u>121.03</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 \$15,707, 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
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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 #4 - HILLCREST

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

Provider NPI:
1154446466

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 10)	2,164	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,164</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>304,479</u>	\$ <u>265,047</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>140.70</u>	\$ <u>121.03</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 11)	\$ <u>NA</u>	\$ <u>(15,707)</u>
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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 #4 - HILLCREST

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

Provider NPI:
1154446466

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		\$ 4,693	\$	\$ 4,693
050	Leases and Rentals	2	21,936	(21,936)	0
055	Real Property Taxes	3	2,299	(948)	1,351
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	4		1,816	1,816
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,928	\$ (21,068)	\$ 7,860
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	7	\$ 11,177	\$ (375)	\$ 10,802
085	Utilities		4,073		4,073
090	Client Transportation (excluding Adult Day Services)	1	11,583	(11,583)	0
095	Dietary	8	8,941	(1,287)	7,654
100	Personal Care and Laundry		2,352		2,352
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,126	\$ (13,245)	\$ 24,881
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 67,054	\$ (34,313)	\$ 32,741
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 17,425	\$	\$ 17,425
120	QMRP Fringe Benefits				0
125	Lead Salaries	5	36,745	(432)	36,313
130	Lead Fringe Benefits		5,570		5,570
135	Aides Salaries		125,055		125,055
140	Aides Fringe Benefits		17,174		17,174
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 201,969	\$ (432)	\$ 201,537

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GAITHER'S FAMILY HOME #4 - HILLCREST

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

Provider NPI:
1154446466

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 3,411	\$	\$ 3,411
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		17,175		17,175
190	Psychologist Consultant				0
195	Physician Consultant	9	400	(400)	0
200	Recreational Consultant	9	1,410	(360)	1,050
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 24,796	\$ (760)	\$ 24,036
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative*** (Excluding Adult Day Services)	6	10,660	(3,927)	6,733
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 10,660	\$ (3,927)	\$ 6,733
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 304,479	\$ (39,432)	\$ 265,047
	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)		\$ 304,479	\$ (27,849)	\$ 276,630

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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
GAITHER'S FAMILY HOME #4 - HILLCREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1154446466		11
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 Transportation	0	11,583	11,583		
							To reclassify client transportation costs to the appropriate cost center for proper cost determination and due to insufficient documentation.					
							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 #4 - HILLCREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1154446466		11
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										
2	4	050	4	2	050	3	Leases and Rentals To eliminate rental/lease expenses paid to a related part 42 CFR 413.20, 413.24 and 413.134(h) CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300 and 2304	\$21,936	(\$21,936)	\$0
3	4	055	4	2	055	3	Real Property Taxes To eliminate property tax expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,299	(\$948)	\$1,351
4	4	070	4	2	070	3	Property Insurance To include property insurance in the cost of ownership to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$0	\$1,816	\$1,816
5	4.1	125	4	2	125	3	Lead Salaries To eliminate lead salaries to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$36,745	(\$432)	\$36,313
6	4.1	230	4	2	230	3	Other General and Administrative To eliminate Other General and Administrative expenses not included in the rate and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3	\$10,660	(\$3,927)	\$6,733
7	4	080	4	2	080	3	Home Operations and Maintenance To eliminate maintenance costs due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,177	(\$375)	\$10,802

Provider Name							Fiscal Period	Provider NPI		Adjustments
GAITHER'S FAMILY HOME #4 - HILLCREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1154446466		11
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>										
8	4	095	4	2	095	3	Dietary To eliminate dietary expenses not related to client care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	\$8,941	(\$1,287)	\$7,654
9	4.1	190	4	2	190	3	Physician Consultant	\$400	(\$400)	\$0
	4.1	195	4	2	195	3	Recreational Consultant To eliminate consultant costs not included in the rate, due to insufficient documentation, and for prior period expenses. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304 CCR, Title 22, Section 51510.3	1,410	(360)	1,050

Provider Name							Fiscal Period			Provider NPI		Adjustments
GAITHER'S FAMILY HOME #4 - HILLCREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1154446466		11
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>												
10	2	3	1	1	1	N/A	Total Client Days - Medi-Cal To adjust the client days to agree with the provider's census and the paid claims summary report, and to include bed hold days. 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			2,164	26	2,190

Provider Name							Fiscal Period			Provider NPI		Adjustments
GAITHER'S FAMILY HOME #4 - HILLCREST							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1154446466		11
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>												
11	N/A			1	1	N/A	Share of Cost		\$0	\$15,707	\$15,707	
							To adjust Share of Cost that was not properly deducted from the amount billed and due to insufficient documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409					