

**REPORT
ON THE
RATE SETTING AUDIT**

**KELLY AND SCOTT'S CARE HOME 1
DELANO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1184759227**

**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: Barbara Still**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 05, 2013

Kelly Baumgardner, Administrator
Kelly and Scott's Care Home
2215 5th Drive
Delano, CA 93215

KELLY AND SCOTT'S CARE HOME 1
NATIONAL PROVIDER IDENTIFIER (NPI) 1184759227
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	\$	486,774	\$ 223.39
Net Audit Adjustment		<u>(136,024)</u>	<u>(62.94)</u>
Audited Cost/Cost Per Day	\$	<u>350,750</u>	\$ <u>160.45</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. 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.

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.

Kelly Baumgardner
Page 3

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:
KELLY & SCOTT'S CARE HOME 1

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

Provider NPI:
1184759227

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,179	2,186
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,179</u>	<u>2,186</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>486,774</u>	\$ <u>350,750</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>223.39</u>	\$ <u>160.45</u>

SHARE OF COST

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

OVERPAYMENTS

1. Overpayments (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:
KELLY & SCOTT'S CARE HOME 1

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

Provider NPI:
1184759227

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	1	\$ 5,954	\$ (1,559)	\$ 4,395
050	Leases and Rentals		0		0
055	Real Property Taxes	1	2,227	(583)	1,644
060	Personal Property Taxes		0		0
065	Mortgage Interest	1, 2	10,749	(8,159)	2,590
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,930	\$ (10,301)	\$ 8,629
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 11,371	\$ (2,978)	\$ 8,393
085	Utilities	1	6,663	(1,745)	4,918
090	Client Transportation (excluding Adult Day Services)	1	1,555	(407)	1,148
095	Dietary	1	23,299	(6,102)	17,197
100	Personal Care and Laundry	3	2,131	(461)	1,670
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,019	\$ (11,693)	\$ 33,326
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 63,949	\$ (21,994)	\$ 41,955
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	1	\$ 18,000	\$ (4,715)	\$ 13,285
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	1	69,994	(18,333)	51,661
130	Lead Fringe Benefits	1, 6	11,179	(5,833)	5,346
135	Aides Salaries	1	163,320	(42,778)	120,542
140	Aides Fringe Benefits	1, 6	26,085	(13,611)	12,474
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 288,578	\$ (85,270)	\$ 203,308

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KELLY & SCOTT'S CARE HOME 1

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

Provider NPI:
1184759227

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,813	\$	\$ 1,813
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant	1	17,250	(4,518)	12,732
190	Psychologist Consultant	4	255	(255)	0
195	Physician Consultant	5	2,505	(2,505)	0
200	Recreational Consultant		1,070		1,070
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,893	\$ (7,278)	\$ 15,615
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	\$ 18,000	\$ (4,715)	\$ 13,285
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		29,344		29,344
230	Other General and Administrative*** (Excluding Adult Day Services)	1	64,010	(16,766)	47,244
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 111,354	\$ (21,482)	\$ 89,872
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 486,774	\$ (136,024)	\$ 350,750
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation	1	0	115,878	115,878
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 486,774	\$ (20,146)	\$ 466,628

* Does not agree with reported due to rounding

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
KELLY & SCOTT'S CARE HOME 1							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184759227	7	
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	4.1	241	4	2	241	3	Adult Day Services and Related Transportation	\$0	\$115,878	\$115,878
	4	045	4	2	045	3	Depreciation and Amortization	5,954	(1,559)	4,395
	4	055	4	2	055	3	Real Property Taxes	2,227	(583)	1,644
	4	065	4	2	065	3	Mortgage Interest	10,749	(919)	9,830 *
	4	080	4	2	080	3	Home Operations and Maintenance	11,371	(2,978)	8,393
	4	085	4	2	085	3	Utilities	6,663	(1,745)	4,918
	4	090	4	2	090	3	Client Transportation	1,555	(407)	1,148
	4	095	4	2	095	3	Dietary	23,299	(6,102)	17,197
	4.1	115	4	2	115	3	QMRP Salaries	18,000	(4,715)	13,285
	4.1	125	4	2	125	3	Lead Salaries	69,994	(18,333)	51,661
	4.1	130	4	2	130	3	Lead Fringe Benefits	11,179	(2,928)	8,251 *
	4.1	135	4	2	135	3	Aides Salaries	163,320	(42,778)	120,542
	4.1	140	4	2	140	3	Aides Fringe Benefits	26,085	(6,832)	19,253 *
	4.1	185	4	2	185	3	Nurse Consultant	17,250	(4,518)	12,732
	4.1	220	4	2	220	3	Administrative Salaries	18,000	(4,715)	13,285
	4.1	230	4	2	230	3	Other General and Administrative	64,010	(16,766)	47,244
To reclassify day program expenses to the proper cost center and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2304, 2306 and 2328										

Provider Name							Fiscal Period	Provider NPI		Adjustments	
KELLY & SCOTT'S CARE HOME 1							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184759227		7	
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	065	4	2	065	3	Mortgage Interest To eliminate interest expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$9,830	(\$7,240)	\$2,590
3	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal pharmacy expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$2,131	(\$461)	\$1,670
4	4.1	190	4	2	190	3	Psychologist Consultant To eliminate psychologist expenses not included in the rate, billable separately and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections, 51510.3(b)(4)(S) and 51510.3		\$255	(\$255)	\$0
5	4.1	190	4	2	190	3	Physician Consultant To eliminate physician expenses not included in the rate, billable separately and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 51120(c), 51510(b)(19) and 51510.3(b)(4)(S)		\$2,505	(\$2,505)	\$0
6	4.1	125	4	2	125	3	Lead Fringe Benefits	*	\$8,251	(\$2,905)	\$5,346
	4.1	135	4	2	135	3	Aides Fringe Benefits To adjust the benefits expense 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	*	19,253	(6,779)	12,474
*Balance carried forward from prior/to subsequent adjustments											

Provider Name				Fiscal Period				Provider NPI		Adjustments
KELLY & SCOTT'S CARE HOME 1				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1184759227		7
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 PATIENT DAYS</u>										
7	2	3	3	1	1	2	Client Days To adjust client days to include bed hold days and to agree with the provider's census records. 42 CFR 413.24 CMS Pub. 15-1, Sections 2205.4 and 2304 CCR, Title 22, Sections 51535(a) and 51535(b)	2,179	7	2,186