

**REPORT
ON THE
RATE SETTING AUDIT**

**KELLY AND SCOTT'S CARE HOME 2
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: Linda King
Auditor: Dianna Morgan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

Kelly Baumgardner, Administrator
Kelly and Scott's Care Home
1324 5th Place
Delano, CA 93215

KELLY AND SCOTT'S CARE HOME 2
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	\$	430,358		\$ 196.60
Net Audit Adjustment		(138,345)		(63.26)
Audited Cost/Cost Per Day	\$	<u>292,013</u>		\$ <u>133.34</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 Medi-Cal Benefits, Waiver Analysis and Rates Division.

Kelly Baumgardner
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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—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 AND SCOTT'S CARE HOME 2

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 14)	2,189	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,189</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>430,358</u>	\$ <u>292,013</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>196.60</u>	\$ <u>133.34</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</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:
KELLY AND SCOTT'S CARE HOME 2

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	\$ 2,623	\$ (730)	\$ 1,893
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest	1, 2	10,550	(5,649)	4,901
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,173	\$ (6,379)	\$ 6,794
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 5, 6	\$ 11,803	\$ (7,357)	\$ 4,446
085	Utilities	1	7,118	(1,981)	5,137
090	Client Transportation (excluding Adult Day Services)	1, 4	2,656	(1,645)	1,011
095	Dietary	1, 3	19,175	(5,798)	13,377
100	Personal Care and Laundry	1, 7, 8	2,069	(1,167)	902
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,821	\$ (17,948)	\$ 24,873
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 55,994	\$ (24,327)	\$ 31,667
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	1	\$ 18,000	\$ (5,010)	\$ 12,990
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	1	56,905	(15,840)	41,065
130	Lead Fringe Benefits	1, 11	9,089	(4,860)	4,229
135	Aides Salaries	1	132,779	(36,959)	95,820
140	Aides Fringe Benefits	1, 11	21,207	(11,339)	9,868
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 237,980	\$ (74,008)	\$ 163,972

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KELLY AND SCOTT'S CARE HOME 2

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		\$ 1,911	\$	\$ 1,911
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	(4,802)	12,448
190	Psychologist Consultant	9	240	(240)	0
195	Physician Consultant	10	1,475	(1,475)	0
200	Recreational Consultant		1,160		1,160
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,036	\$ (6,517)	\$ 15,519
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	\$ 18,000	\$ (5,010)	\$ 12,990
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)	1	29,649	(8,253)	21,396
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 12, 13	66,699	(20,230)	46,469
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 114,348	\$ (33,493)	\$ 80,855
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 430,358	\$ (138,345)	\$ 292,013
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	1	\$ 0	\$ 117,412	\$ 117,412
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 430,358	\$ (20,933)	\$ 409,425

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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
KELLY AND SCOTT'S CARE HOME 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184759227		14
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	240	4	2	240	3	Nonprogram Services	\$0	\$117,412	\$117,412
	4	045	4	2	045	3	Depreciation and Amortization	2,623	(730)	1,893
	4	065	4	2	065	3	Mortgage Interest	10,550	(1,890)	8,660 *
	4	080	4	2	080	3	Home Operations and Maintenance	11,803	(3,285)	8,518 *
	4	085	4	2	085	3	Utilities	7,118	(1,981)	5,137
	4	090	4	2	090	3	Client Transportation	2,656	(739)	1,917 *
	4	095	4	2	095	3	Dietary	19,175	(5,337)	13,838 *
	4	100	4	2	100	3	Personal Care and Laundry	2,069	(576)	1,493 *
	4.1	115	4	2	115	3	QMRP Salaries	18,000	(5,010)	12,990
	4.1	125	4	2	125	3	Lead Salaries	56,905	(15,840)	41,065
	4.1	130	4	2	130	3	Lead Benefits	9,089	(2,530)	6,559 *
	4.1	135	4	2	135	3	Aides Salaries	132,779	(36,959)	95,820
	4.1	140	4	2	140	3	Aides Benefits	21,207	(5,903)	15,304 *
	4.1	185	4	2	185	3	Nurse Consultant	17,250	(4,802)	12,448
	4.1	220	4	2	220	3	Administrative Salaries	18,000	(5,010)	12,990
	4.1	226	4	2	226	3	Quality Assurance Fees	29,649	(8,253)	21,396
	4.1	230	4	2	230	3	Other General and Administrative	66,699	(18,567)	48,132 *
							To reclassify the nonprogram direct and indirect expenses to the proper cost center related to the Day Program 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 AND SCOTT'S CARE HOME 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184759227		14	
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	065	4	2	065	3	Mortgage Interest To adjust the reported mortgage interest to agree with the depreciatio schedule and due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$8,660	(\$3,759)	\$4,901
3	4	095	4	2	095	3	Dietary To eliminate dietary expenses due to insufficient documentation and for prior period expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$13,838	(\$461)	\$13,377
4	4	090	4	2	090	3	Client Transportation To eliminate automobile operating expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$1,917	(\$906)	\$1,011
	4	080	4	2	080	3	Home Operations and Maintenance	*	\$8,518		
5							To eliminate household supplies expense due to lack of documentation, not included in the daily rate, and not related to the facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2103, 2102.3, 2300 and 2304 CCR, Title 22, Section 51510.3 W&I Code 14124.2(b)			(\$3,972)	
6							To eliminate insurance and repairs and maintenance expense not related to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(100) (\$4,072)	\$4,446

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI	Adjustments		
KELLY AND SCOTT'S CARE HOME 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1184759227	14		
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>											
	4	100	4	2	100	3	Personal Care and Laundry	*	\$1,493		
7							To eliminate consulting expense due to insufficient documentation and not related to the audit period. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$293)	
8							To eliminate prescription drugs not included in the rate. CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3			(298) (\$591) \$902	
9	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 W&I Code 14124.2(b)		\$240	(\$240) \$0	
10	4.1	195	4	2	195	3	Physician Consultant To eliminate physician expenses not included in the rate that are separately billable. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 51120(c) and 51510.3(b)(4)(S)		\$1,475	(\$1,475) \$0	
11	4.1	130	4	2	130	3	Lead Benefits	*	\$6,559	(\$2,330) \$4,229	
	4.1	140	4	2	140	3	Aides 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	*	15,304	(5,436) 9,868	
*Balance carried forward from prior/to subsequent adjustments											

Provider Name							Fiscal Period		Provider NPI		Adjustments
KELLY AND SCOTT'S CARE HOME 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1184759227		14
Report References							Explanation of Audit Adjustments				
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjusted		
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
	4.1	230	4	2	230	3	Other General and Administrative	*	\$48,132		
12							To eliminate the license fees to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				(\$1,539)
13							To eliminate office supplies and advertising expenses due to insufficient documentation and to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2103, 2300 and 2304				(124) (\$1,663) \$46,469

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
KELLY AND SCOTT'S CARE HOME 2				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1184759227		14
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>										
14	2	3	1	1	1	2	Medi-Cal Client Days To adjust client days to include bed hold or leave days. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2205.4, 2300 and 2304 CCR, Title 22, Sections 51535(a) and 51535(b)	2,189	1	2,190