# REPORT
# ON THE
# RATE SETTING AUDIT

**OUR HOUSE - BERRY**
**MADERA, CALIFORNIA**
**PROVIDER NUMBER: LTC80145G**
**NPI NUMBER: 1700941267**

**FISCAL PERIOD ENDED**
**DECEMBER 31, 2011**

**Audits Section - Fresno**
**Financial Audits Branch**
**Audits and Investigations**
**Department of Health Care Services**

**Section Chief: Michael Harrold**
**Supervisor: Kristina Nacino**
**Auditor: Wen Li**

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

TOBY DOUGLAS
*DIRECTOR*

EDMUND G. BROWN JR.
*GOVERNOR*

December 31, 2012

Carolyn Pipes, Owner
Our House Residential Care, Inc.
109 East Central Avenue
Madera, CA 93638

OUR HOUSE - BERRY
NATIONAL PROVIDER IDENTIFIER (NPI) 1700941267
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:

| COST AND COST PER DAY | | COST | | COST PER DAY |
|---|---|---|---|---|
| Reported Cost/Cost Per Day | $ | 403,663 | $ | 188.28 |
| Net Audit Adjustment | | (74,752) | | (34.87) |
| Audited Cost/Cost Per Day | $ | 328,911 | $ | 153.41 |

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 $912, which resulted from Medi-Cal overpayments

3. Audited 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.

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:**
OUR HOUSE - BERRY

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

**Provider NPI:**
1700941267

| SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY | | AS REPORTED | AS AUDITED |
|---|---|---|---|
| 1. | Medi-Cal Client Days (Adj ) | 2,144 | 2,144 |
| 2. | Medi-Cal Managed Care Days (Adj ) | | 0 |
| 3. | Other Client Days (Adj ) | | 0 |
| 4. | Total Client Days | 2,144 | 2,144 |
| 5. | Total Client Care Expenses (From Sch. 2) | $ 403,663 | $ 328,911 |
| 6. | AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | $ 188.28 | $ 153.41 |

**SHARE OF COST**

| | | | |
|---|---|---|---|
| 1. | Share of Cost Audit Adjustment (Adj ) | $ | $ 0 |

**OVERPAYMENTS**

| | | | |
|---|---|---|---|
| 1. | Share of Cost (Adj 13) | $ N/A | $ (912) |
| 2. | Credit Balances (Adj ) | $ | $ 0 |
| 3. | Total Overpayments | $ 0 | $ (912) |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
OUR HOUSE - BERRY

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

**Provider NPI:**
1700941267

| 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 | | $ 2,393 | $ | $ 2,393 |
| 050 | Leases and Rentals | | 0 | | 0 |
| 055 | Real Property Taxes | 4 | 1,278 | (113) | 1,165 |
| 060 | Personal Property Taxes | | 0 | | 0 |
| 065 | Mortgage Interest | | 0 | | 0 |
| 070 | Property Insurance | | 1,958 | | 1,958 |
| | | | | | |
| 075 | TOTAL PROPERTY EXPENSES (Lines 045 through 070) | | $ 5,629 | $ (113) | $ 5,516 |
| | **Basic Facility Cost - General Home Expenses** | | | | |
| 080 | Home Operations and Maintenance | 2-3 | $ 46,657 | $ (34,052) | $ 12,605 |
| 085 | Utilities | | 7,782 | | 7,782 |
| 090 | Client Transportation (excluding Adult Day Services) | 5 | 8,109 | (7,984) | 125 |
| 095 | Dietary | | 23,732 | | 23,732 |
| 100 | Personal Care and Laundry | 12 | 6,686 | (6,686) | 0 |
| | | | | | |
| 105 | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100) | | $ 92,966 | $ (48,722) | $ 44,244 |
| | | | | | |
| 110 | TOTAL BASIC FACILITY COST (Lines 075 plus 105) | | $ 98,595 | $ (48,835) | $ 49,760 |
| | **EXPENSES: DIRECT CARE STAFF COSTS** | | | | |
| 115 | QMRP Salaries | 6 | $ 14,716 | $ (848) | $ 13,868 |
| 120 | QMRP Fringe Benefits | 6 | 9,049 | (6,524) | 2,525 |
| 125 | Lead Salaries | 7 | 49,076 | (3,419) | 45,657 |
| 130 | Lead Fringe Benefits | 7 | 8,685 | (1,094) | 7,591 |
| 135 | Aides Salaries | 8 | 110,877 | (99) | 110,778 |
| 140 | Aides Fringe Benefits | 8 | 16,546 | (1,071) | 15,475 |
| 145 | Other Salaries | | 0 | | 0 |
| 150 | Other Fringe Benefits | | 0 | | 0 |
| 155 | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) | | $ 208,949 | $ (13,055) | $ 195,894 |

## SUMMARY OF AUDITED FACILITY EXPENSES

**Provider:**
OUR HOUSE - BERRY

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

**Provider NPI:**
1700941267

| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|---|---|---|---|---|---|
| | **EXPENSES: CONSULTANT COSTS** | | | | |
| 160 | Dietician Consultant | | $ 325 | $ | $ 325 |
| 165 | Speech Pathology Consultant | | 150 | | 150 |
| 170 | Physical Therapy Consultant | | 795 | | 795 |
| 175 | Occupational Therapy Consultant | | 0 | | 0 |
| 180 | Pharmacist Consultant | 9 | 1,012 | (202) | 810 |
| 185 | Nurse Consultant | | 0 | | 0 |
| 190 | Psychologist Consultant | | 0 | | 0 |
| 195 | Physician Consultant | 10 | 1,467 | (1,467) | 0 |
| 200 | Recreational Consultant | | 892 | | 892 |
| 205 | Social Service Consultant | | 0 | | 0 |
| 210 | Other Consultant | | 0 | | 0 |
| 215 | TOTAL CONSULTANT COST (Lines 160 through 210) | | $ 4,641 | $ (1,669) | $ 2,972 |
| | **EXPENSES: ADMINISTRATIVE COSTS** | | | | |
| 220 | Administrative Salaries ** | | $ 8,518 | $ | $ 8,518 |
| 225 | Administrative Fringe Benefits | | 1,359 | | 1,359 |
| 226 | Quality Assurance Fees (excluding Adult Day Services) | | 0 | | 0 |
| 230 | Other General and Administrative*** (Excluding Adult Day Services) | 11 | 81,601 | (11,193) | 70,408 |
| 235 | TOTAL ADMINISTRATIVE COST (Lines 220 through 230) | 1 | $ 91,478 | $ (11,193) | $ 80,285 |
| | TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235) | 1 | $ 403,663 | $ (74,752) | $ 328,911 |
| | **NON-CLIENT CARE EXPENSES** | | (To Sch. 1) | | (To Sch. 1) |
| 240 | Non-Program Services | | $ 0 | $ | $ 0 |
| 241 | Adult Day Services and Related Transportation | | 0 | | 0 |
| 245 | TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241) | | $ 403,663 | $ (74,752) | $ 328,911 |



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

*** List allocated administrative costs on Line 230

| Provider Name | Fiscal Period | Provider NPI | Adjustments |
|---|---|---|---|
| OUR HOUSE - BERRY | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | 1700941267 | 13 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | MEMORANDUM ADJUSTMENT | | | |
| 1 | 4.1 | 235 | 2,4 | 2 | 235 | 3 | Total Administrative Cost | $110,684 | ($19,206) | $91,478 |
| | 4.1 | 245 | 4 | 2 | 245 | 3 | Total Expenses | 422,869 | (19,206) | 403,663 |
| | | | | | | | To correct provider's mathematical error. | | | |
| | | | | | | | 42 CFR 413.20 and 413.24 | | | |
| | | | | | | | CMS Pub. 15-1, Sections 2300 and 2304 | | | |

| Provider Name | Fiscal Period | Provider NPI | Adjustments |
|---|---|---|---|
| OUR HOUSE - BERRY | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | 1700941267 | 13 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENTS TO REPORTED COSTS | | | |
| | 4 | 80 | 4 | 2 | 80 | 3 | Home Operations and Maintenance | $46,657 | | |
| 2 | | | | | | | To eliminate facility rent expenses for assets owned by a related part<br>42 CFR 413.17, 413.20, 413.24, 413.50 and 413.134<br>CMS Pub. 15-1, Sections 102, 104.10, 114, 1000, 1005 and 1011.5 | | ($24,000) | |
| 3 | | | | | | | To eliminate home operations and maintenance expenses to agree with vendors' invoices and due to lack of documentation.<br>42 CFR 413.5 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | | (10,052)<br>($34,052) | $12,605 |
| 4 | 4 | 55 | 4 | 2 | 55 | 3 | Real Property Taxes<br>To eliminate property tax expenses to agree with property tax bills.<br>42 CFR 413.5 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2302.1 | $1,278 | ($113) | $1,165 |
| 5 | 4 | 90 | 4 | 2 | 90 | 3 | Client Transportation<br>To eliminate client transportation expense to agree with vendors' invoices and due to lack of documentation.<br>42 CFR 413.5, 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2102.3, 2300 and 2304 | $8,109 | ($7,984) | $125 |
| 6 | 4.1 | 115 | 4 | 2 | 115 | 3 | QMRP Salaries | $14,716 | ($848) | $13,868 |
| | 4.1 | 120 | 4 | 2 | 120 | 3 | QMRP Fringe Benefits<br>To adjust QMRP expense to agree with the provider's payroll and employee benefit records.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | 9,049 | (6,524) | 2,525 |
| 7 | 4.1 | 125 | 4 | 2 | 125 | 3 | Lead Salaries | $49,076 | ($3,419) | $45,657 |
| | 4.1 | 130 | 4 | 2 | 130 | 3 | Lead Benefits<br>To adjust lead compensation expense to agree with the provider's payroll and employee benefit records.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | 8,685 | (1,094) | 7,591 |

| Provider Name | Fiscal Period | Provider NPI | Adjustments |
|---|---|---|---|
| OUR HOUSE - BERRY | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | 1700941267 | 13 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENTS TO REPORTED COSTS | | | |
| 8 | 4.1 | 135 | 4 | 2 | 135 | 3 | Aides Salaries | $110,877 | ($99) | $110,778 |
| | 4.1 | 140 | 4 | 2 | 140 | 3 | Aides Benefits | 16,546 | (1,071) | 15,475 |
| | | | | | | | To adjust aides compensation expense to agree with the provider's payroll and employee benefit records.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | | | |
| 9 | 4.1 | 180 | 4 | 2 | 180 | 3 | Pharmacist Consultant | $1,012 | ($202) | $810 |
| | | | | | | | To adjust pharmacist consultant expense to agree with paid vendor invoices.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | | | |
| 10 | 4.1 | 195 | 4 | 2 | 195 | 3 | Physician Consultant | $1,467 | ($1,467) | $0 |
| | | | | | | | To eliminate medical director expenses due to lack of documentation.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2102.1, 2300 and 2304<br>CCR, Title 22, Section 51510.3(b)(4)(S) | | | |
| 11 | 4.1 | 230 | 4 | 2 | 230 | 3 | Other General and Administrative | $81,601 | ($11,193) | $70,408 |
| | | | | | | | To adjust reported home office costs to agree with the Our House Residential Care, Inc. Home Office Audit Report for fiscal period ended 12/31/11.<br>42 CFR 413.17 and 413.24<br>CMS Pub. 15-1, Sections 2150.2 and 2304 | | | |
| 12 | 4 | 100 | 4 | 2 | 100 | 3 | Personal Care and Laundry | $6,686 | ($6,686) | $0 |
| | | | | | | | To eliminate personal care and laundry expenses not included in the rate and due to lack of documentation.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Section 51510.3(b)(4) | | | |

| Provider Name | Fiscal Period | Provider NPI | Adjustments |
|---|---|---|---|
| OUR HOUSE - BERRY | JANUARY 1, 2011 THROUGH DECEMBER 31, 2011 | 1700941267 | 13 |

| Report References | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost Report | | | Audit Report | | | | | | |
| Adj. No. | DHS 3076 Page or Exhibit | Line | Col. | Sch. | Line | Col | Explanation of Audit Adjustments | As Reported | Increase (Decrease) | As Adjusted |
| | | | | | | | ADJUSTMENT TO OTHER MATTERS | | | |
| 13 | N/A | | | 1 | 1 | 2 | Overpayments<br>To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed and due to lack of documentation.<br>42 CFR 413.5, 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Sections 51313, 51313.3, 51458.1 and 51510.3 | $0 | $912 | $912 |