

**REPORT
ON THE
RATE SETTING AUDIT**

**OUR HOUSE - SUNSET
MADERA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1306901855**

**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



EDMUND G. BROWN JR.
GOVERNOR

June 13, 2013

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

OUR HOUSE - SUNSET
NATIONAL PROVIDER IDENTIFIER (NPI) 1306901855
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	\$	426,475	\$ 194.74
Net Audit Adjustment		<u>(63,776)</u>	<u>(29.12)</u>
Audited Cost/Cost Per Day	\$	<u>362,699</u>	\$ <u>165.62</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 \$1,106, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

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

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.

Carolyn Pipes
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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 - SUNSET

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

Provider NPI:
1306901855

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>426,475</u>	\$ <u>362,699</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>194.74</u>	\$ <u>165.62</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 13)	\$ <u>N/A</u>	\$ <u>(1,106)</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:
OUR HOUSE - SUNSET

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

Provider NPI:
1306901855

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
055	Real Property Taxes	4	1,721	(133)	1,588
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		1,958		1,958
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 6,072	\$ (133)	\$ 5,939
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2,3	\$ 46,997	\$ (33,595)	\$ 13,402
085	Utilities		9,723		9,723
090	Client Transportation (excluding Adult Day Services)	5	8,377	(8,377)	0
095	Dietary		20,147		20,147
100	Personal Care and Laundry	12	3,090	(3,090)	0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 88,334	\$ (45,062)	\$ 43,272
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 94,406	\$ (45,195)	\$ 49,211
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	6	\$ 14,716	\$ (848)	\$ 13,868
120	QMRP Fringe Benefits	6	2,596	(71)	2,525
125	Lead Salaries	7	52,423	(3,180)	49,243
130	Lead Fringe Benefits	7	9,767	(1,079)	8,688
135	Aides Salaries	8	120,382	(100)	120,282
140	Aides Fringe Benefits	8	14,116	(200)	13,916
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 214,000	\$ (5,478)	\$ 208,522

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
OUR HOUSE - SUNSET

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

Provider NPI:
1306901855

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 400	\$	\$ 400
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		935		935
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant	9	1,012	(202)	810
185	Nurse Consultant				0
190	Psychologist Consultant		600		600
195	Physician Consultant	10	1,466	(1,466)	0
200	Recreational Consultant		892		892
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)	1	\$ 5,305	\$ (1,668)	\$ 3,637
	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)		19,535		19,535
230	Other General and Administrative*** (Excluding Adult Day Services)	11	83,352	(11,435)	71,917
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 112,764	\$ (11,435)	\$ 101,329
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 426,475	\$ (63,776)	\$ 362,699
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 426,475	\$ (63,776)	\$ 362,699

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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
OUR HOUSE - SUNSET							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1306901855		13
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>MEMORANDUM ADJUSTMENT</u>										
1	4.1	215	4	2	215	3	Total Consultant Cost	\$5,325	(\$20)	\$5,305
	4.1	245	4	2	245	3	Total Expenses	426,495	(20)	426,475
							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 - SUNSET							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1306901855		13
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										
	4	80	4	2	80	3	Home Operations and Maintenance	\$46,997		
2							To eliminate facility rent expenses for assets owned by a related part 42 CFR 413.17, 413.20, 413.24, 413.50 and 413.13 ^c CMS Pub. 15-1, Sections 102, 104.10, 114, 1000, 1005 and 1011.5		(\$22,250)	
3							To eliminate home operations and maintenance expenses due to expenses not related to patient care, not for the audit period and lack of documentation. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2302.1 and 2304		(11,345) (\$33,595)	\$13,402
4	4	55	4	2	55	3	Real Property Taxes To adjust property tax expenses to agree with property tax bills. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$1,721	(\$133)	\$1,588
5	4	90	4	2	90	3	Client Transportation To eliminate client transportation expense due to lack of documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300 and 2304	\$8,377	(\$8,377)	\$0
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 To adjust QMRP expense to agree with the provider's payroll and employee benefit records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	2,596	(71)	2,525

Provider Name							Fiscal Period	Provider NPI		Adjustments
OUR HOUSE - SUNSET							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1306901855		13
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	4.1	125	4	2	125	3	Lead Salaries	\$52,423	(\$3,180)	\$49,243
	4.1	130	4	2	130	3	Lead Fringe Benefits	9,767	(1,079)	8,688
							To adjust lead compensation expense to agree with the provider's payroll and employee benefit records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
8	4.1	135	4	2	135	3	Aides Salaries	\$120,382	(\$100)	\$120,282
	4.1	140	4	2	140	3	Aides Fringe Benefits	14,116	(200)	13,916
							To adjust aides compensation expense to agree with the provider's payroll and employee benefit records. 42 CFR 413.20 and 413.24 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. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
10	4.1	195	4	2	195	3	Physician Consultant	\$1,466	(\$1,466)	\$0
							To eliminate medical director expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2300 and 2304			
11	4.1	230	4	2	230	3	Other General and Administrative	\$83,352	(\$11,435)	\$71,917
							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. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			

Provider Name				Fiscal Period				Provider NPI		Adjustments
OUR HOUSE - SUNSET				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1306901855		13
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>ADJUSTMENTS TO REPORTED COSTS</u>										
12	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry 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(b)(4)	\$3,090	(\$3,090)	\$0

Provider Name							Fiscal Period			Provider NPI		Adjustments
OUR HOUSE - SUNSET							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1306901855		13
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>												
13	N/A			1	1	2	Overpayments To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed and due to lack of documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 51313, 51313.3, 51458.1 and 51510.3	\$0	\$1,106	\$1,106		