

**REPORT
ON THE
RATE SETTING AUDIT**

**OMEGA HOUSE
STOCKTON, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1386869584**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section—Sacramento
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Robert G. Kwick
Audit Supervisor: Delia Valencia
Auditor: Ellada Kalachov**



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



EDMUND G. BROWN JR.
GOVERNOR

July 9, 2013

Janet Rios, Administrator
Casa del Rios Habilitation Services, Inc.
5541 N Solari Ranch Road
Stockton, CA 95215

OMEGA HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1386869584
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	\$	210,997	\$ 134.05
Net Audit Adjustment		<u>71,437</u>	<u>45.39</u>
Audited Cost/Cost Per Day	\$	<u>282,434</u>	\$ <u>179.44</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 \$2,734, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statements 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 Fee-For-Service Rates Development 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.

Janet Rios
Page 3

If you have questions regarding this report, you may call the Audits Section—
Sacramento (916) 650-6994.

Original Signed By

Robert G. Kwick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

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

Provider:
OMEGA HOUSE

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

Provider Number:
1386869584

Provider NPI:
1386869584

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,450	1,450
2. Other Client Days (Adj)	124	124
3. Total Client Days	<u>1,574</u>	<u>1,574</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>210,997</u>	\$ <u>282,434</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>134.05</u>	\$ <u>179.44</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 21)	\$ <u>NA</u>	\$ <u>2,734</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:
OMEGA HOUSE

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

Provider Number:
1386869584

NPI:
1386869584

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$	\$	\$ 0
050	Leases and Rentals				0
055	Real Property Taxes	1		2,548	2,548
060	Personal Property Taxes				0
065	Mortgage Interest	2	13,749	(4,866)	8,883
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,749	\$ (2,318)	\$ 11,431
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3,4-7	\$ 15,732	\$ (7,245)	\$ 8,487
085	Utilities	3,8	1,739	6,151	7,890
090	Client Transportation	9	2,661	(2,661)	0
095	Dietary	10,11	12,533	(1,249)	11,284
100	Personal Care and Laundry	12	3,797	(426)	3,371
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,462	\$ (5,430)	\$ 31,032
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 50,211	\$ (7,748)	\$ 42,463
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 13,101	\$	\$ 13,101
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	13	115,603	19,685	135,288
140	Aides Fringe Benefits		18,278		18,278
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 146,982	\$ 19,685	\$ 166,667

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
OMEGA HOUSE

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

Provider Number:
1386869584

NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	14	\$	\$ 138	\$ 138
165	Speech Pathology Consultant	15		45	45
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 0	\$ 183	\$ 183
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	3	13,804	(3,337)	10,467
230	Other Administrative and General	3,16-20		62,654	62,654
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 13,804	\$ 59,317	\$ 73,121
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 210,997	\$ 71,437	\$ 282,434
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 95	\$	\$ 95
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 211,092	\$ 71,437	\$ 282,529

Provider Name							Fiscal Period	Provider NPI		Adjustments
OMEGA HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1386869584		21
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										
1	4	055	4	2	055	3	Real Property Taxes To include Speech Pathology Consultant expense from Solari Ranch for proper cost finding. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.	\$0	\$2,548	\$2,548
2	4	065	4	2	065	3	Mortgage Interest To adjust reported mortgage interest expense to agree with the provider's records. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 202.2, 2300, and 2304	\$13,749	(\$4,866)	\$8,883
3	4	080	4	2	080	3	Home Operations and Maintenance	\$15,732	\$2,238	\$17,970 *
	4	085	4	2	085	3	Utilities	1,739	7,334	9,073 *
	4.1	226	4	2	226	3	Quality Assurance Fees	13,804	(3,337)	10,467
	4.1	230	4	2	230	3	Other General and Administrative To adjust the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	0	8,824	8,824 *
	4	080	4	2	080	3	Home Operations and Maintenance	* \$17,970		
4							To eliminate pest control expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(\$162)	
5							To eliminate repair and maintenance expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(2,438) (\$2,600)	\$15,370 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
OMEGA HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1386869584		21
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>										
	4	080	4	2	080	3	Home Operations and Maintenance	*	\$15,370	
6							To eliminate storage expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(\$936)
7							To eliminate supplies expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(\$5,947)
										(\$6,883)
	8	4	085	4	2	085	Utilities	*	\$9,073	(\$1,183)
							To eliminate telephone expense that will be included in the home office. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.			\$7,890
9	4	090	4	2	090	3	Client Transportation		\$2,661	(\$2,661)
							To eliminate client transportation expense that will be included in the home office for proper cost allocation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.			\$0
	4	095	4	2	095	3	Dietary		\$12,533	
10							To eliminate groceries expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(\$1,031)
11							To eliminate meals expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(218)
										(\$1,249)
										\$11,284

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
OMEGA HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1386869584		21
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										
12	4	100	4	2	100	3	Personal Care and Laundry To eliminate activities expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$3,797	(\$426)	\$3,371
13	4.1	135	4	2	135	3	Aides Salaries To adjust employee salaries to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$115,603	\$19,685	\$135,288
14	4.1	160	4	2	160	3	Dietician Consultant To include Dietician Consultant expense from Solari Ranch for proper cost finding. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.	\$0	\$138	\$138
15	4.1	165	4	2	165	3	Speech Pathology Consultant To include Speech Pathology Consultant expense from Solari Ranch for proper cost finding. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304.	\$0	\$45	\$45
	4.1	230	4	2	230	3	Other General and Administrative	*	\$8,824	
16							To eliminate copy machine expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(\$1,441)	
17							To eliminate computer and internet expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		(379) (\$1,820)	\$7,004 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
OMEGA HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1386869584		21
Report References							Explanation of Audit Adjustments				
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
	4.1	230	4	2	230	3	Other General and Administrative	*	\$7,004		
18							To eliminate office supplies expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(\$2,673)	
19							To eliminate postage expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			(348)	
20							To adjust reported home office costs to agree with the Casa del Rios Habilitation Services, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			<u>58,671</u> \$55,650	\$62,654

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
OMEGA HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1386869584		21
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>										
21	N/A			1	1	N/A	Share of Cost Audit Adjustment To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 CMS Pub. 15-1, Sections 2300 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$2,734	\$2,734