

**REPORT
ON THE
RATE SETTING AUDIT**

**PACIFIC CARE HOME # 2
FRESNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1912190703**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold
Auditor: Sandy Feng**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

March 22, 2013

Shelly Yarbrough, Administrator
Pacific Care Home # 2
4458 North Charles Avenue
Fresno, CA 93722

PACIFIC CARE HOME # 2
NATIONAL PROVIDER IDENTIFIER (NPI) 1912190703
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. 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 and patient days 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	\$	373,926		\$ 170.74
Net Audit Adjustment		<u>(15,285)</u>		<u>(6.98)</u>
Audited Cost/Cost Per Day	\$	<u>358,641</u>		\$ <u>163.76</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.

Shelly Yarbrough
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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:
PACIFIC CARE HOME # 2

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

Provider NPI:
1912190703

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	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>373,926</u>	\$ <u>358,641</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.74</u>	\$ <u>163.76</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</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:
PACIFIC CARE HOME # 2

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

Provider NPI:
1912190703

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		\$ 862	\$	\$ 862
050	Leases and Rentals		5,990		5,990
055	Real Property Taxes	11	1,801	(25)	1,776
060	Personal Property Taxes				0
065	Mortgage Interest	6	16,080	(5,071)	11,009
070	Property Insurance	7	2,565	(66)	2,499
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 27,298	\$ (5,162)	\$ 22,136
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 10,738	\$ (644)	\$ 10,094
085	Utilities	10	12,290	(2,417)	9,873
090	Client Transportation (excluding Adult Day Services)	9	4,272	(2,858)	1,414
095	Dietary	1	17,862	(863)	16,999
100	Personal Care and Laundry		836		836
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,998	\$ (6,782)	\$ 39,216
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 73,296	\$ (11,944)	\$ 61,352
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,000	\$	\$ 15,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		18,508		18,508
130	Lead Fringe Benefits				0
135	Aides Salaries		144,608		144,608
140	Aides Fringe Benefits		7,880		7,880
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 185,996	\$ 0	\$ 185,996

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PACIFIC CARE HOME # 2

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1912190703

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	2	\$ 1,817	\$ (972)	\$ 845
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		19,760		19,760
190	Psychologist Consultant				0
195	Physician Consultant	3	780	(780)	0
200	Recreational Consultant	4	1,440	(360)	1,080
205	Social Service Consultant				0
210	Other Consultant		10,358		10,358
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 34,155	\$ (2,112)	\$ 32,043
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 55,048		\$ 55,048
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		16,411		16,411
230	Other General and Administrative*** Adult Day Services) (Excluding	8	9,020	(1,229)	7,791
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 80,479	\$ (1,229)	\$ 79,250
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 373,926	\$ (15,285)	\$ 358,641
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		180,903		180,903
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 554,829	\$ (15,285)	\$ 539,544

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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	
PACIFIC CARE HOME # 2			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1912190703		11	
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>										
1	4	95	4	2	95	3	Dietary To eliminate dietary expense as not related to the facility under audit, and due to insufficient or lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$17,862	(\$863)	\$16,999
2	4.1	160	4	2	160	3	Dietitian Consultant To eliminate dietitian consultant expense to agree with provider's paid vendor invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,817	(\$972)	\$845
3	4.1	195	4	2	195	3	Physician Consultant To eliminate physician compensation costs for services directly billable under the physician provider number. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2300 and 2304 CCR, Title 22, Sections 51510.3(b), 51343.2, 76872(d) and 76874	\$780	(\$780)	\$0
4	4.1	200	4	2	200	3	Recreational Consultant To eliminate prior year's expense that does not belong to the facility under audit. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304	\$1,440	(\$360)	\$1,080
5	4	80	4	2	80	3	Home Operations and Maintenance To eliminate home operation and maintenance expense as not included in the rate, not related to the period under audit, and due to lack of documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304 CCR, Title 22, Section 51510.3	\$10,738	(\$644)	\$10,094

Provider Name							Fiscal Period	Provider NPI	Adjustments		
PACIFIC CARE HOME # 2							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1912190703	11		
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>											
6	4	65	4	2	65	3	Mortgage Interest To eliminate nonallowable mortgage interest expense for assets subject to the Balance Budget Act of 1997. 42 CFR 413.17, 413.20, 413.24, 413.50, 413.134 and 413.153 CMS Pub. 15-1, Sections 102, 104, 104.10, 114, 1000 and 1005	\$16,080	(\$5,071)	\$11,009	
7	4	70	4	2	70	3	Property Insurance To adjust insurance expense to agree with the provider's insurance policies. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,565	(\$66)	\$2,499	
8	4.1	230	4	2	230	3	Other General and Administrative To eliminate other general and administrative expense due to insufficient or lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$9,020	(\$1,229)	\$7,791	
9	4	90	4	2	90	3	Client Transportation To eliminate client transportation expense to agree with auto insurance policies and fuel receipts, and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,272	(\$2,858)	\$1,414	
10	4	85	4	2	85	3	Utilities To eliminate duplicate utility expenses, and expenses that do not belong to the facility or period under audit. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304	\$12,290	(\$2,417)	\$9,873	
11	4	55	4	2	55	3	Real Property Taxes To adjust property taxes expense to agree with provider's property tax bills. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,801	(\$25)	\$1,776	