

**REPORT
ON THE
RATE SETTING AUDIT**

**PORTLAND
FRESNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1073649307**

**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: Kristina Nacino
Auditor: Effie Zoulek**



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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

Leah Nutter, Administrator
Valley Care Inc.
140 North Clovis Avenue
Clovis, CA 93612

PORTLAND
NATIONAL PROVIDER IDENTIFIER (NPI) 1073649307
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	\$	474,778		\$ 222.38
Net Audit Adjustment		(157,993)		(74.07)
Audited Cost/Cost Per Day	\$	<u>316,785</u>		\$ <u>148.31</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 \$234, 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.

Leah Nutter
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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:
PORTLAND

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

Provider NPI:
1073649307

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 16)	2,135	2,136
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,135</u>	<u>2,136</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>474,778</u>	\$ <u>316,785</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>222.38</u>	\$ <u>148.31</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 17)	\$ <u>NA</u>	\$ <u>(234)</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:
PORTLAND

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

Provider NPI:
1073649307

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	11, 15	\$ 2,470	\$ 9	\$ 2,479
050	Leases and Rentals				0
055	Real Property Taxes	15	1,883	(1,764)	119
060	Personal Property Taxes				0
065	Mortgage Interest	15	11,360	(11,360)	0
070	Property Insurance	15	408	(408)	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 16,121	\$ (13,523)	\$ 2,598
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	9, 10	\$ 8,210	\$ (1,290)	\$ 6,920
085	Utilities		9,587		9,587
090	Client Transportation (excluding Adult Day Services)		12		12
095	Dietary		15,914		15,914
100	Personal Care and Laundry	13, 14	6,745	(2,918)	3,827
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,468	\$ (4,208)	\$ 36,260
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 56,589	\$ (17,731)	\$ 38,858
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	3	\$ 5,437	\$ (322)	\$ 5,115
120	QMRP Fringe Benefits	3	2,445	(151)	2,294
125	Lead Salaries	2	49,894	161	50,055
130	Lead Fringe Benefits	2, 4	28,918	(14,759)	14,159
135	Aides Salaries	2	99,432	(2,641)	96,791
140	Aides Fringe Benefits	2, 4	45,492	(27,965)	17,527
145	Other Salaries	3	7,618	(848)	6,770
150	Other Fringe Benefits	1, 3	16,600	(2,688)	13,912
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 255,836	\$ (49,213)	\$ 206,623

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PORTLAND

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

Provider NPI:
1073649307

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 413	\$	\$ 413
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		305		305
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		170		170
185	Nurse Consultant				0
190	Psychologist Consultant	12	75	(75)	0
195	Physician Consultant	12	1,026	(1,026)	0
200	Recreational Consultant	12	400	(200)	200
205	Social Service Consultant	12	150	(75)	75
210	Other Consultant	12	88	(88)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,627	\$ (1,464)	\$ 1,163
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	2	\$ 10,871	\$ (10,871)	\$ 0
225	Administrative Fringe Benefits	2	28,388	(28,388)	0
226	Quality Assurance Fees (excluding Adult Day Services)		11,283		11,283
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 5,6,7,8	109,184	(50,326)	58,858
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 159,726	\$ (89,585)	\$ 70,141
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 474,778	\$ (157,993)	\$ 316,785
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 8,697	\$	\$ 8,697
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 483,475	\$ (157,993)	\$ 325,482

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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	
PORTLAND							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073649307	17	
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	4.1	150	4	2	150	3	Other Fringe Benefits To eliminate day program director and home office RN expenses for prop cost determination. expenses for proper cost determinatiior 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304	\$16,600	(\$1,985)	\$14,615 *
2	4.1	125	4	2	125	3	Lead Salaries	\$49,894	\$161	\$50,055
	4.1	130	4	2	130	3	Lead Fringe Benefits	28,918	(224)	28,694 *
	4.1	135	4	2	135	3	Aides Salaries	99,432	(2,641)	96,791
	4.1	140	4	2	140	3	Aides Fringe Benefits	45,492	(22,674)	22,818 *
	4.1	220	4	2	220	3	Administrative Salaries	10,871	(10,871)	0
	4.1	225	4	2	225	3	Administrative Fringe Benefits	28,388	(28,388)	0
	4.1	230	4	2	230	3	Other General and Administrative To reverse the provider's adjustments of home office pooled costs in order to properly incorporate the audited home office pooled cost. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304	109,184	(85,567)	23,617 *
3	4.1	115	4	2	115	3	QMRP Salaries	\$5,437	(\$322)	\$5,115
	4.1	120	4	2	120	3	QMRP Fringe Benefits	2,445	(151)	2,294
	4.1	145	4	2	145	3	Other Salaries	7,618	(848)	6,770
	4.1	150	4	2	150	3	Other Fringe Benefits To adjust reported home office direct costs to agree with the Valley Care, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304	* 14,615	(703)	13,912
4	4.1	130	4	2	130	3	Lead Fringe Benefits	* \$28,694	(\$14,535)	\$14,159
	4.1	140	4	2	140	3	Aides Fringe Benefits To adjust payroll tax expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304	* 22,818	(5,291)	17,527

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
PORTLAND				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073649307		17
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>										
	4.1	230	4	2	230	3	Other General and Administrative	*	\$23,617	
5							To include audited home office pooled cost to agree with the Valley Care, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150, 2300 and 2304		\$47,591	
6							To eliminate staff meals and bonus expenses not related to patient care and due to insufficient documentation. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105, 2300 and 2304		(1,767)	
7							To eliminate expenses for lab services not included in the rate and due to insufficient documentation. 42 CFR 413.20, 413.24 and 413.24 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2, 2300 and 2304 CCR Title 22, Section 51510.3(b)		(1,212)	
8							To eliminate flooring expenses that should have been capitalized. 42 CRR 413.20 and 413.24 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2, 2300 and 2304		<u>(9,371)</u> \$35,241	\$58,858
	4	080	4	2	080	3	Home Operations and Maintenance		\$8,210	
9							To eliminate repair expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$1,200)	
10							To adjust reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(90)</u> (\$1,290)	\$6,920
*Balance carried forward from prior/to subsequent adjustments										

Provider Name							Fiscal Period	Provider NPI	Adjustments	
PORTLAND							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073649307	17	
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>										
11	4	045	4	2	045	3	Depreciation and Amortization To include depreciation expense on house improvement to be capitalized in conjunction with adjustment 8. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2, 2300 and 2304	\$2,470	\$195	\$2,665 *
12	4.1	190	4	2	190	3	Psychologist Consultant	\$75	(\$75)	\$0
	4.1	195	4	2	195	3	Physician Consultant	1,026	(1,026)	0
	4.1	200	4	2	200	3	Recreational Consultant	400	(200)	200
	4.1	205	4	2	205	3	Social Service Consultant	150	(75)	75
	4.1	210	4	2	210	3	Other Consultant To eliminate consultant expenses not included in the rate and due to insufficient documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3	88	(88)	0
	4	100	4	2	100	3	Personal Care and Laundry	\$6,745		
13							To eliminate legend drugs and dental expenses not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$2,239)	
14							To eliminate expenses for clients' personal items not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.3(e)		(679) (\$2,918)	\$3,827

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
PORTLAND							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073649307		17	
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>											
15	4	045	4	2	045	3	Depreciation and Amortization	*	\$2,665	(\$186)	\$2,479
	4	055	4	2	055	3	Real Property Taxes		1,883	(1,764)	119
	4	065	4	2	065	3	Mortgage Interest		11,360	(11,360)	0
	4	070	4	2	070	3	Property Insurance		408	(408)	0
							To eliminate amortization of points, property taxes, mortgage interest and property insurance expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
PORTLAND			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073649307		17	
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>										
16	2	3	1	1	1	N/A	Total Client Days - Medi-Cal To adjust client days to agree with the provider's census records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	2,135	1	2,136

Provider Name				Fiscal Period				Provider NPI		Adjustments
PORTLAND				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073649307		17
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>										
17	N/A			1	1	N/A	Share of Cost To adjust share of cost for amounts not properly deducted from the amount billed. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$234	\$234