

**REPORT
ON THE
RATE SETTING AUDIT**

**RCN PEDIATRIC CARE
LA PUENTE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1851572572**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Sandra Hy**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: Jun 21, 2013

Romulo Narne, Controller
RCN Pediatric Care II
1429 Greenberry Drive
La Puente, CA 91744

PROVIDER: RCN PEDIATRIC CARE
NATIONAL PROVIDER IDENTIFIER (NPI) 1851572572
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	\$	418,692	\$ 191.27
Net Audit Adjustment		<u>(37,662)</u>	<u>(17.28)</u>
Audited Cost/Cost Per Day	\$	<u>381,030</u>	\$ <u>173.99</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.

Romulo Narne
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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—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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

Provider:
RCN PEDIATRIC CARE

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

Provider NPI:
1851572572

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,189	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,189</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>418,692</u>	\$ <u>381,030</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>191.27</u>	\$ <u>173.99</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</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:
RCN PEDIATRIC CARE

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

Provider NPI:
1851572572

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	\$ 7,639	\$ (542)	\$ 7,097
050	Leases and Rentals				0
055	Real Property Taxes		6,270		6,270
060	Personal Property Taxes				0
065	Mortgage Interest	3	29,230	(24,720)	4,510
070	Property Insurance		1,708		1,708
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 44,847	\$ (25,262)	\$ 19,585
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	4	\$ 4,194	\$ (600)	\$ 3,594
085	Utilities		4,177		4,177
090	Client Transportation (excluding Adult Day Services)		3,200		3,200
095	Dietary	1	19,176	812	19,988
100	Personal Care and Laundry		892		892
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,639	\$ 212	\$ 31,851
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 76,486	\$ (25,050)	\$ 51,436
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,744		\$ 10,744
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		173,385		173,385
140	Aides Fringe Benefits	5	49,293	(100)	49,193
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 233,422	\$ (100)	\$ 233,322

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RCN PEDIATRIC CARE

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

Provider NPI:
1851572572

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,200	\$	\$ 1,200
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,275		1,275
175	Occupational Therapy Consultant		2,925		2,925
180	Pharmacist Consultant		300		300
185	Nurse Consultant		6,500		6,500
190	Psychologist Consultant				0
195	Physician Consultant		3,300		3,300
200	Recreational Consultant		1,920		1,920
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 17,420	\$ 0	\$ 17,420
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 63,125	\$	\$ 63,125
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative*** (Excluding Adult Day Services)	1,6	28,239	(12,512)	15,727
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 91,364	\$ (12,512)	\$ 78,852
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 418,692	\$ (37,662)	\$ 381,030
	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)		\$ 418,692	\$ (37,662)	\$ 381,030

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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
RCN PEDIATRIC CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1851572572		7
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>RECLASSIFICATION OF REPORTED COSTS</u>												
1	4	95	4	2	95.00		Dietary			\$19,176	\$812	\$19,988
	4.1	230	4	2	230.00		Other General and Administrative			28,239	(812)	27,427 *
							To reclassify dietary expense from the Other General and Administrative cost center to the Dietary cost center for the proper reporting of costs 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 52506 and 52501					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
RCN PEDIATRIC CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1851572572		7
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
2	4	45	4	2	45.00		Depreciation and Amortization To adjust the reported depreciation expense to agree with the depreciation schedule. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,639	(\$542)	\$7,097
3	4	65	4	2	65.00		Mortgage Interest To adjust the reported interest expense based on the initial loan amount. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$29,230	(\$24,720)	\$4,510
4	4	80	4	2	80.00		Home Operations and Maintenance To eliminate house repair expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,194	(\$600)	\$3,594
5	4.1	140	4	2	140.00		Aides Benefits To adjust liability insurance to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$49,293	(\$100)	\$49,193
6	4.1	230	4	2	230.00		Other General and Administrative To eliminate legal expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$27,427	(\$11,700)	\$15,727

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
RCN PEDIATRIC CARE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1851572572		7
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>												
7	2	3	5	1	Total Patient Days			2,189	1	2,190		
							To include a patient day due to insufficient documentation.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					