

**REPORT
ON THE
RATE SETTING AUDIT**

**SIERRA
FRESNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1871629139**

**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

May 23, 2013

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

SIERRA
NATIONAL PROVIDER IDENTIFIER (NPI) 1871629139
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	\$	373,492	\$ 170.54
Net Audit Adjustment		(109,160)	(49.84)
Audited Cost/Cost Per Day	\$	<u>264,332</u>	\$ <u>120.70</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 \$3,982, 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.

If you have questions regarding this report, you may call the Audits Section—Fresno at

Leah Nutter
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(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:
SIERRA

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

Provider NPI:
1871629139

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>373,492</u>	\$ <u>264,332</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.54</u>	\$ <u>120.70</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 8)	\$ <u>NA</u>	\$ <u>(3,982)</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:
SIERRA

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

Provider NPI:
1871629139

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		\$ 6,820	\$	\$ 6,820
050	Leases and Rentals				0
055	Real Property Taxes		2,000		2,000
060	Personal Property Taxes				0
065	Mortgage Interest		7,310		7,310
070	Property Insurance		544		544
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 16,674	\$ 0	\$ 16,674
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,957	\$	\$ 8,957
085	Utilities		14,259		14,259
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		14,047		14,047
100	Personal Care and Laundry		4,971		4,971
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,234	\$ 0	\$ 42,234
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 58,908	\$ 0	\$ 58,908
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	2	\$ 5,577	\$ (332)	\$ 5,245
120	QMRP Fringe Benefits	2	2,508	(155)	2,353
125	Lead Salaries	1	(165)	165	0
130	Lead Fringe Benefits	1	230	(230)	0
135	Aides Salaries	1	93,151	(2,709)	90,442
140	Aides Fringe Benefits	1	38,399	(23,257)	15,142
145	Other Salaries	2	7,814	(864)	6,950
150	Other Fringe Benefits	2, 7	15,595	(1,326)	14,269
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 163,109	\$ (28,708)	\$ 134,401

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SIERRA

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

Provider NPI:
1871629139

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 325	\$	\$ 325
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		750		750
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		133		133
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant	5	184	(184)	0
200	Recreational Consultant				0
205	Social Service Consultant		450		450
210	Other Consultant	5	220	(220)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,062	\$ (404)	\$ 1,658
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	\$ 11,150	\$ (11,150)	\$ 0
225	Administrative Fringe Benefits	1	29,119	(29,119)	0
226	Quality Assurance Fees (excluding Adult Day Services)		12,807		12,807
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 3, 4	96,337	(39,779)	56,558
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 149,413	\$ (80,048)	\$ 69,365
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 373,492	\$ (109,160)	\$ 264,332
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services	6	\$ (15,425)	\$ 22,521	\$ 7,096
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 358,067	\$ (86,639)	\$ 271,428

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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	
SIERRA							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1871629139		8	
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	125	4	2	125	3	Lead Salaries	(\$165)	\$165	\$0	
	4.1	130	4	2	130	3	Lead Fringe Benefits	230	(230)	0	
	4.1	135	4	2	135	3	Aides Salaries	93,151	(2,709)	90,442	
	4.1	140	4	2	140	3	Aides Fringe Benefits	38,399	(23,257)	15,142	
	4.1	220	4	2	220	3	Administrative Salaries	11,150	(11,150)	0	
	4.1	225	4	2	225	3	Administrative Fringe Benefits	29,119	(29,119)	0	
	4.1	230	4	2	230	3	Other General and Administrative	96,337	(87,771)	8,566 *	
							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				
2	4.1	115	4	2	115	3	QMRP Salaries	\$5,577	(\$332)	\$5,245	
	4.1	120	4	2	120	3	QMRP Fringe Benefits	2,508	(155)	2,353	
	4.1	145	4	2	145	3	Other Salaries	7,814	(864)	6,950	
	4.1	150	4	2	150	3	Other Fringe Benefits	15,595	(722)	14,873 *	
							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				
	4.1	230	4	2	230	3	Other General and Administrative	*	\$8,566		
3	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									\$48,817	
4	To eliminate employees' Christmas bonus expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									(825)	\$56,558
									\$47,992		

Provider Name				Fiscal Period				Provider NPI		Adjustments
SIERRA				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1871629139		8
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										
5	4.1	195	4	2	195	3	Physician Consultant	\$184	(\$184)	\$0
	4.1	210	4	2	210	3	Other Consultant	220	(220)	0
							To eliminate physician and dental services 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			
6	4.1	240	4	2	240	3	Non-Program Services	(\$15,425)	\$22,521	\$7,096
							To adjust non-program services expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
7	4.1	150	4	2	150	3	Other Fringe Benefits	* \$14,873	(\$604)	\$14,269
							To eliminate other benefit expense not related to the facility under audit. 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	
SIERRA			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1871629139		8	
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>										
8	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	\$3,982	\$3,982