

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SHASTA HOUSE  
REDDING, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1346428836**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Steven Gary  
Audit Supervisor: Kelly Ostrom  
Auditor: Valentina Lukovtseva**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

November 29, 2012

Dara Barzin, Owner  
Shasta House  
P.O. Box 493484  
Redding, CA 96049-3484

SHASTA HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1346428836  
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 the 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	\$	456,109	\$ 246.01
Net Audit Adjustment		(36,027)	(18.69)
Audited Cost/Cost Per Day	\$	<u>420,082</u>	\$ <u>227.32</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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:

John Melton, 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.

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

**Original Signed By**

Steven Gary, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
SHASTA HOUSE

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

**Provider NPI:**  
1346428836

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 6)	1,854	1,848
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>1,854</u>	<u>1,848</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>456,109</u>	\$ <u>420,082</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>246.01</u>	\$ <u>227.32</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 7)	\$ <u>NA</u>	\$ <u>212</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:  
SHASTA HOUSE

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

Provider NPI:  
1346428836

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 0	\$	\$ 0
050	Leases and Rentals	1	24,000	(24,000)	0
055	Real Property Taxes		0		0
060	Personal Property Taxes		141		141
065	Mortgage Interest		0		0
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 24,141	\$ (24,000)	\$ 141
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	2	\$ 17,589	\$ (201)	\$ 17,388
085	Utilities		11,540		11,540
090	Client Transportation (excluding Adult Day Services)		459		459
095	Dietary		18,710		18,710
100	Personal Care and Laundry	3	4,819	(125)	4,694
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 53,117	\$ (326)	\$ 52,791
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 77,258	\$ (24,326)	\$ 52,932
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 0	\$	\$ 0
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		35,197		35,197
130	Lead Fringe Benefits		11,316		11,316
135	Aides Salaries		95,895		95,895
140	Aides Fringe Benefits		32,501		32,501
145	Other Salaries		65,867		65,867
150	Other Fringe Benefits		23,866		23,866
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 264,642	\$ 0	\$ 264,642

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SHASTA HOUSE

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

Provider NPI:  
1346428836

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 180	\$	\$ 180
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		2,048		2,048
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		15,915		15,915
190	Psychologist Consultant		0		0
195	QMRP Consultant		11,175		11,175
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		3,707		3,707
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 33,025	\$ 0	\$ 33,025
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		0		0
230	Other General and Administrative*** (Excluding Adult Day Services)	4,5	81,184	(11,701)	69,483
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 81,184	\$ (11,701)	\$ 69,483
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 456,109	\$ (36,027)	\$ 420,082
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 456,109	\$ (36,027)	\$ 420,082

\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name		Fiscal Period		Provider NPI		Adjustments				
SHASTA HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1346428836		7				
Adj. No.	Cost Report Page or Exhibit	Report References			Line	Sub No	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.						
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	50	4	2	50		Leases and Rentals To eliminate rental/lease expenses paid to a related party 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304	\$24,000	(\$24,000)	\$0
2	4	80	4	2	80		Home Operations and Maintenance To eliminate the yard work expense not related to patient care 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$17,589	(\$201)	\$17,388
3	4	100	4	2	100		Personal Care and Laundry To eliminate the pharmacy expense due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$4,819	(\$125)	\$4,694
4	4.1	230	4	2	230		Other General and Administrative  To eliminate replenishment of cash due to lack of documentation supporting expenditure and relation to patient care 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105 CCR, Title 22, Section 72525	\$81,184	(\$64)	
5							To adjust reported home office costs to agree with the C.F.B., Incorporated 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		(11,637)	\$69,483
									\$11,701	

Provider Name		Fiscal Period		Provider NPI		Adjustments		
SHASTA HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1346428836		7		
Adj. No.	Cost Report	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
6	2	3	4	1	1	1,854	(6)	1,848
<p><b>Explanation of Audit Adjustments</b></p> <p><b>ADJUSTMENT TO REPORTED PATIENT DAYS</b></p> <p>Total Patient Days                      To adjust total patient days to agree with the provider's patient census reports.                      42 CFR 413.20, 413.24, and 413.50                      CMS Pub. 15-1, Sections 2205, 2300, and 2304</p>								

Provider Name		Fiscal Period		Provider NPI		Adjustments		
SHASTA HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1346428836		7		
Adj. No.	Cost Report	Report References		Line	Sub No	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.					
7	MC530 Page or Exhibit					\$0	\$212	\$212
				1	1			
<p>Explanation of Audit Adjustments</p> <p><u>ADJUSTMENT TO OTHER MATTERS</u></p> <p>Medi-Cal Overpayments                      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</p>								