

**REPORT
ON THE
RATE SETTING AUDIT**

**TLC SERVICES
REDDING, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1215141726**

**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
TLC Services
P.O. Box 493484
Redding, CA 96049-3484

TLC SERVICES
NATIONAL PROVIDER IDENTIFIER (NPI) 1215141726
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	\$	439,427	\$ 210.45
Net Audit Adjustment		(33,526)	(18.90)
Audited Cost/Cost Per Day	\$	<u>405,901</u>	\$ <u>191.55</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:

TLC SERVICES

Fiscal Period:

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:

1215141726

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 4)	2,088	2,119
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,088</u>	<u>2,119</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>439,427</u>	\$ <u>405,901</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>210.45</u>	\$ <u>191.55</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 5)	\$ <u>NA</u>	\$ <u>1,120</u>
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OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ _____	\$ <u>0</u>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
TLC SERVICES

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

Provider NPI:
1215141726

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		\$ 0	\$	\$ 0
050	Leases and Rentals	1	22,204	(22,204)	0
055	Real Property Taxes		4,514		4,514
060	Personal Property Taxes		82		82
065	Mortgage Interest		0		0
070	Property Insurance		2,187		2,187
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 28,987	\$ (22,204)	\$ 6,783
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 13,855	\$	\$ 13,855
085	Utilities		8,828		8,828
090	Client Transportation (excluding Adult Day Services)		437		437
095	Dietary		20,775		20,775
100	Personal Care and Laundry	2	1,902	(296)	1,606
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 45,797	\$ (296)	\$ 45,501
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 74,784	\$ (22,500)	\$ 52,284
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 0	\$	\$ 0
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		26,678		26,678
130	Lead Fringe Benefits		8,742		8,742
135	Aides Salaries		107,464		107,464
140	Aides Fringe Benefits		34,912		34,912
145	Other Salaries		50,752		50,752
150	Other Fringe Benefits		14,921		14,921
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 243,469	\$ 0	\$ 243,469

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
TLC SERVICES

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

Provider NPI:
1215141726

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 130	\$	\$ 130
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		2,145		2,145
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		60		60
185	Nurse Consultant		16,867		16,867
190	Psychologist Consultant		0		0
195	QMRP Consultant		7,680		7,680
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		3,880		3,880
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 30,762	\$ 0	\$ 30,762
	EXPENSES: ADMINISTRATIVE COSTS				
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)	3	90,412	(11,026)	79,386
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 90,412	\$ (11,026)	\$ 79,386
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 439,427	\$ (33,526)	\$ 405,901
	NON-CLIENT CARE EXPENSES		(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)		\$ 439,427	\$ (33,526)	\$ 405,901

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

*** List allocated administrative costs on Line 230

Provider Name		Fiscal Period		Provider NPI		Adjustments						
TLC SERVICES		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1215141726		5						
Adj. No.	Cost Report Page or Exhibit	Report References			Line	Sch.	Col.	Col	As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Sch.								Col
ADJUSTMENTS TO REPORTED COSTS												
1	4	50	4	2	2	50	2		\$22,204	(\$22,204)	\$0	
Leases and Rentals To eliminate rental/lease expenses paid to a related part 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2300.												
2	4	100	4	2	2	100	2		\$1,902	(\$296)	\$1,606	
Personal Care and Laundry To eliminate patient specific pharmaceutical costs not included in the routine rate. 42 CFR 413.2 and 413.24 / CMS Pub. 15-1, Section 2202.6 CCR, Title 22, 51510.3 and 5151.												
3	4.1	230	4	2	2	230	2		\$90,412	(\$11,026)	\$79,386	
Other General and Administrative 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 230.												

Provider Name		Fiscal Period		Provider NPI		Adjustments					
TLC SERVICES		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1215141726		5					
Adj. No.	Cost Report Page or Exhibit	Report References		Line	Sch.	Col.	Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.								
4	2	3	4	1	1	1	1	1	2,088	31	2,119
<p>Total Client 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>											
ADJUSTMENT TO REPORTED PATIENT DAYS											

Provider Name		Fiscal Period		Provider NPI		Adjustments						
TLC SERVICES		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1215141726		5						
Adj. No.	Cost Report Page or Exhibit	Report References		Line	Sch.	Col.	Line	Col	As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.									
5	Not Reported	1	1	1					\$0	\$1,120	\$1,120	
<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> <p style="text-align: center;"><u>ADJUSTMENT TO OTHER MATTERS</u></p>												