

**REPORT  
ON THE  
RATE SETTING AUDIT**

**WINGS 1  
ANTIOCH, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1437287828**

**FISCAL PERIOD ENDED  
MARCH 31, 2012**

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

**Section Chief: Louise Wong  
Audit Supervisor: Diana Dong  
Auditor: Laurie Plancarte**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 15, 2013

Penny Hargrove  
Owner/Administrator  
2427 Desrys Boulevard  
Antioch, CA 94509

WINGS 1  
NATIONAL PROVIDER IDENTIFIER (NPI) 1437287828  
FISCAL PERIOD ENDED MARCH 31, 2012

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	\$	262,476	\$ 143.74
Net Audit Adjustment		<u>(11,783)</u>	<u>(6.75)</u>
Audited Cost/Cost Per Day	\$	<u>250,693</u>	\$ <u>136.99</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 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.

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

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

**Provider:**  
WINGS 1

**Fiscal Period:**  
APRIL 1, 2011 THROUGH MARCH 31, 2012

**Provider NPI:**  
1437287828

**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 2)	1,826	1,830
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,826</u>	<u>1,830</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>262,476</u>	\$ <u>250,693</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>143.74</u>	\$ <u>136.99</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>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
WINGS 1

Fiscal Period:  
APRIL 1, 2011 THROUGH MARCH 31, 2012

Provider NPI:  
1437287828

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		\$ 5,417	\$ 0	\$ 5,417
050	Leases and Rentals				0
055	Real Property Taxes		1,966	0	1,966
060	Personal Property Taxes				0
065	Mortgage Interest		15,485	0	15,485
070	Property Insurance		756	0	756
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,624	\$ 0	\$ 23,624
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 5,611	\$ 0	\$ 5,611
085	Utilities		9,533	0	9,533
090	Client Transportation (excluding Adult Day Services)		2,257	0	2,257
095	Dietary	1	27,427	(11,783)	15,644
100	Personal Care and Laundry		1,619	0	1,619
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 46,447	\$ (11,783)	\$ 34,664
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 70,071	\$ (11,783)	\$ 58,288
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,000	\$ 0	\$ 12,000
120	QMRP Fringe Benefits				0
125	Lead Salaries		37,953	0	37,953
130	Lead Fringe Benefits		5,897	0	5,897
135	Aides Salaries		83,445	0	83,445
140	Aides Fringe Benefits		8,496	0	8,496
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 147,793	\$ 0	\$ 147,793

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
WINGS 1

Fiscal Period:  
APRIL 1, 2011 THROUGH MARCH 31, 2012

Provider NPI:  
1437287828

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		\$ 450	\$ 0	\$ 450
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		1,000	0	1,000
185	Nurse Consultant		8,684	0	8,684
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,134	\$ 0	\$ 10,134
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 12,960	\$ 0	\$ 12,960
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		15,329	0	15,329
230	Other General and Administrative*** (Excluding Adult Day Services)		6,189	0	6,189
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 34,478	\$ 0	\$ 34,478
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 262,476	\$ (11,783)	\$ 250,693
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 7,040	\$ 0	\$ 7,040
241	Adult Day Services and Related Transportation		256,175	0	256,175
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 525,691	\$ (11,783)	\$ 513,908

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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
WINGS 1							APRIL 1, 2011 THROUGH MARCH 31, 2012		1437287828		2
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.					
<b><u>ADJUSTMENT TO REPORTED COSTS</u></b>											
1	4	095	4	2	095	3	Dietary To adjust dietary expense for the facility to agree with the Prudent Buyer Principle and for reasonableness. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2103, 2300, and 2304	\$27,427	(\$11,783)	\$15,644	

Provider Name							Fiscal Period			Provider NPI		Adjustments
WINGS 1							APRIL 1, 2011 THROUGH MARCH 31, 2012			1437287828		2
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.						
<b><u>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b>												
2	2	3	1	1	1	2	Medi-Cal Client Days To adjust total patient days to agree with the provider's patient census records. 42 CFR 413.20 and 413.5C CMS Pub. 15-1, Sections 2205 and 2304	1,826	4	1,830		