

**REPORT  
ON THE  
RATE SETTING AUDIT**

**ADULTS IN COMMUNITY TRANSITION  
KELSEYVILLE, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1902977044**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

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

**Section Chief: Louise Wong  
Audit Supervisor: Matthew Moy  
Auditor: Long Nguyen**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 15, 2013

Jan Davis, Owner  
Adults In Community Transition  
2520 Hartley Road  
Lakeport, CA 95453

ADULTS IN COMMUNITY TRANSITION  
NATIONAL PROVIDER IDENTIFIER (NPI) 1902977044  
FISCAL PERIOD ENDED JUNE 30, 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	\$	275,896	\$ 151.18
Net Audit Adjustment		<u>(9,133)</u>	<u>(5.01)</u>
Audited Cost/Cost Per Day	\$	<u>266,763</u>	\$ <u>146.17</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.

Jan Davis  
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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:

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:**  
ADULTS IN COMMUNITY TRANSITION

**Fiscal Period:**  
JULY 1, 2011 THROUGH JUNE 30, 2012

**Provider NPI:**  
1902977044

**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 )	1,825	1,825
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>1,825</u>	<u>1,825</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>275,896</u>	\$ <u>266,763</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>151.18</u>	\$ <u>146.17</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:  
ADULTS IN COMMUNITY TRANSITION

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:  
1902977044

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
050	Leases and Rentals				0
055	Real Property Taxes	1	0	2,084	2,084
060	Personal Property Taxes	1	2,084	(2,084)	0
065	Mortgage Interest	2	13,438	(1,327)	12,111
070	Property Insurance		1,719	0	1,719
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 17,241	\$ (1,327)	\$ 15,914
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3	\$ 23,684	\$ (204)	\$ 23,480
085	Utilities	4, 5	12,103	(540)	11,563
090	Client Transportation (excluding Adult Day Services)		3,132	0	3,132
095	Dietary		15,847	0	15,847
100	Personal Care and Laundry		1,553	0	1,553
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 56,319	\$ (744)	\$ 55,575
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 73,560	\$ (2,071)	\$ 71,489
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 22,200	\$ 0	\$ 22,200
120	QMRP Fringe Benefits		9,001	0	9,001
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		76,832	0	76,832
140	Aides Fringe Benefits		12,326	0	12,326
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 120,359	\$ 0	\$ 120,359

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
ADULTS IN COMMUNITY TRANSITION

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:  
1902977044

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		\$ 2,531	\$ 0	\$ 2,531
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		750	0	750
185	Nurse Consultant		9,100	0	9,100
190	Psychologist Consultant				0
195	Physician Consultant		750	0	750
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,131	\$ 0	\$ 13,131
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		14,698	0	14,698
230	Other General and Administrative*** (excluding Adult Day Services)	6, 7	54,148	(7,062)	47,086
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,846	\$ (7,062)	\$ 61,784
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 275,896	\$ (9,133)	\$ 266,763
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 275,896	\$ (9,133)	\$ 266,763

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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		
ADULTS IN COMMUNITY TRANSITION							JULY 1, 2011 THROUGH JUNE 30, 2012	1902977044	7		
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>RECLASSIFICATION OF REPORTED COSTS</u></b>											
1	4	055	4	2	055	3	Real Property Taxes	\$0	\$2,084	\$2,084	
	4	060	4	2	060	3	Personal Property Taxes: To reclassify real property tax expense to the proper cost center for proper cost determination CMS Pub. 15-1, Sections 2300 and 2304	2,084	(2,084)	0	

Provider Name							Fiscal Period	Provider NPI		Adjustments
ADULTS IN COMMUNITY TRANSITION							JULY 1, 2011 THROUGH JUNE 30, 2012	1902977044		7
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
2	4	065	4	2	065	3	Mortgage Interest To adjust mortgage interest expense to agree with the provider's bank statements. CMS Pub. 15-1, Sections 2300 and 2304	\$13,438	(\$1,327)	\$12,111
3	4	080	4	2	080	3	Home Operation and Maintenance To eliminate cat food expense for nonpatient care related items. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2104.3	\$23,684	(\$204)	\$23,480
4	4	085	4	2	085	3	Utilities To reconcile Utility expenses to agree with the provider's financial documents. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$12,103	\$223	\$12,326 *
5	4	085	4	2	085	3	Utilities To eliminate Home Office PG&E expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	* \$12,326	(\$763)	\$11,563
6	4.1	230	4	2	230	3	Other General and Administrative To reconcile Other General and Administrative expenses to agree with the provider's financial documents. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$54,148	(\$1,062)	\$53,086 *
7	4.1	230	4	2	230	3	Other General and Administrative To eliminate Administrative Office rent expense from a related organization. 42 CFR 413.17 / CMS Pub. 15-1, Section 1005	* \$53,086	(\$6,000)	\$47,086

\*Balance carried forward from prior/to subsequent adjustments