

**REPORT
ON THE
RATE SETTING AUDIT**

**ANDRU HOME
OCEANSIDE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1801981667**

**FISCAL PERIOD ENDED
JUNE 30, 2012**

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

**Section Chief: Patricia M. Fox
Audit Supervisor: Sergio Gonzalez
Auditor: Ana R. Macias**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 15, 2013

Azin Baird, Administrator
Great Expectations Services, Inc.
601 Calle Tibidabo
San Clemente, CA 92672

ANDRU HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1801981667
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, 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 | \$ | 378,027 | \$ 174.29 |
| Net Audit Adjustment | | <u>(13,552)</u> | <u>(5.79)</u> |
| Audited Cost/Cost Per Day | \$ | <u>364,475</u> | \$ <u>168.50</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 \$1,858, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

Azin Baird
Page 2

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:

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—San Diego at (619) 688-3200.

Originally signed by:

Patricia M. Fox, Chief
Audits Section—San Diego
Financial Audits Branch

Certified

cc: Shannon Gustafson
HGi Financial Services
9240 Limonite Avenue
Riverside, CA 92509

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

Provider:
ANDRU HOME

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

NPI:
1801981667

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

| | AS REPORTED | AS AUDITED |
|--|------------------------|-----------------------|
| 1. Medi-Cal Client Days (Adj 14) | 2,169 | 2,163 |
| 2. Medi-Cal Managed Care Days (Adj) | 0 | 0 |
| 3. Other Client Days (Adj) | 0 | 0 |
| 4. Total Client Days | <u>2,169</u> | <u>2,163</u> |
| 5. Total Client Care Expenses (From Sch. 2) | \$ <u>378,027</u> | \$ <u>364,475</u> |
| 6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) | \$ <u>174.29</u> | \$ <u>168.50</u> |

SHARE OF COST

| | | |
|--|-------------|-------------|
| 1. Share of Cost Audit Adjustment (Adj) | \$ <u>0</u> | \$ <u>0</u> |
|--|-------------|-------------|

OVERPAYMENTS

| | | |
|-----------------------------------|-------------|-----------------|
| 1. Incorrect Billing (Adjs 15-21) | \$ <u>0</u> | \$ <u>1,858</u> |
| 2. Credit Balances (Adj) | \$ <u>0</u> | \$ <u>0</u> |
| 3. Total Overpayments | \$ <u>0</u> | \$ <u>1,858</u> |

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ANDRU HOME

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

NPI:
1801981667

| 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 | | \$ 9,104 | \$ | \$ 9,104 |
| 050 | Leases and Rentals | | | | 0 |
| 055 | Real Property Taxes | | 3,870 | | 3,870 |
| 060 | Personal Property Taxes | | | | 0 |
| 065 | Mortgage Interest | | 28,855 | | 28,855 |
| 070 | Property Insurance | | | | 0 |
| 075 | TOTAL PROPERTY EXPENSES (Lines 045 through 070) | | \$ 41,829 | \$ 0 | \$ 41,829 |
| | Basic Facility Cost - General Home Expenses | | | | |
| 080 | Home Operations and Maintenance | 4-7 | \$ 3,326 | \$ (786) | \$ 2,540 |
| 085 | Utilities | 8 | 7,258 | (30) | 7,228 |
| 090 | Client Transportation (Excluding Adult Day Services) | | | | 0 |
| 095 | Dietary | | 14,851 | | 14,851 |
| 100 | Personal Care and Laundry | 1 | 11,338 | (376) | 10,962 |
| 105 | TOTAL GENERAL HOME EXPENSES (Lines 080 through 100) | | \$ 36,773 | \$ (1,192) | \$ 35,581 |
| 110 | TOTAL BASIC FACILITY COST (Lines 075 plus 105) | | \$ 78,602 | \$ (1,192) | \$ 77,410 |
| | EXPENSES: DIRECT CARE STAFF COSTS | | | | |
| 115 | QMRP Salaries | | \$ | \$ | \$ 0 |
| 120 | QMRP Fringe Benefits | | | | 0 |
| 125 | Lead Salaries | | | | 0 |
| 130 | Lead Fringe Benefits | | | | 0 |
| 135 | Aides Salaries | | 127,484 | | 127,484 |
| 140 | Aides Fringe Benefits | | 23,425 | | 23,425 |
| 145 | Other Salaries | | | | 0 |
| 150 | Other Fringe Benefits | | | | 0 |
| 155 | TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150) | | \$ 150,909 | \$ 0 | \$ 150,909 |

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ANDRU HOME

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

NPI:
1801981667

| Line No. | DESCRIPTION | ADJ NO. | AS REPORTED Col. 1 | AUDIT ADJUSTMENT Col. 2 | AS AUDITED Col. 3 |
|----------|--|------------|--------------------|-------------------------|-------------------|
| | EXPENSES: CONSULTANT COSTS | | | | |
| 160 | Dietician Consultant | | \$ 960 | \$ | \$ 960 |
| 165 | Speech Pathology Consultant | | | | 0 |
| 170 | Physical Therapy Consultant | | 1,260 | | 1,260 |
| 175 | Occupational Therapy Consultant | | 1,815 | | 1,815 |
| 180 | Pharmacist Consultant | | 1,261 | | 1,261 |
| 185 | Nurse Consultant | | 7,776 | | 7,776 |
| 190 | Psychologist Consultant | | 120 | | 120 |
| 195 | Physician Consultant | | 1,200 | | 1,200 |
| 200 | Recreational Consultant | | 371 | | 371 |
| 205 | Social Service Consultant | | | | 0 |
| 210 | Other Consultant | | 312 | | 312 |
| 215 | TOTAL CONSULTANT COST (Lines 160 through 210) | | \$ 15,075 | \$ 0 | \$ 15,075 |
| | EXPENSES: ADMINISTRATIVE COSTS | | | | |
| 220 | Administrative Salaries | | \$ | \$ | \$ 0 |
| 225 | Administrative Fringe Benefits | | | | 0 |
| 226 | Quality Assurance Fee (excluding Adult Day Services) | | 14,995 | | 14,995 |
| 230 | Other General and Administrative (Excluding Adult Day Services) | 2, 3, 9-13 | 118,446 | (12,360) | 106,086 |
| 235 | TOTAL ADMINISTRATIVE COST (Lines 220 through 230) | | \$ 133,441 | \$ (12,360) | \$ 121,081 |
| | TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235) | | \$ 378,027 | \$ (13,552) | \$ 364,475 |
| | NON-CLIENT CARE EXPENSES | | (To Sch. 1) | | (To Sch. 1) |
| 240 | Non-Program Services | | \$ | \$ | \$ 0 |
| 241 | Adult Day Services and Related Transportation | | 245,268 | | 245,268 |
| 245 | TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241) | | \$ 623,295 | \$ (13,552) | \$ 609,743 |

| Provider Name | | | | | | | Fiscal Period | NPI | | Adjustments |
|---|--------------------------|------|------|--------------|------|---|------------------------------------|-------------|---------------------|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1801981667 | | 21 |
| 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>ADJUSTMENTS TO REPORTED COSTS</u> | | | | | | | | | | |
| 1 | 4 of 6 | 100 | 4 | 2 | 100 | Personal Care and Laundry To eliminate personal care and laundry expenses due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2304.1 | \$11,338 | (\$376) | \$10,962 | |
| 2 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate overdraft fees not related to patient care 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, and 2304 | \$118,446 | (\$140) | \$118,306 * | |
| 3 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate outside services expenses due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2304.1 | * \$118,306 | (\$400) | \$117,906 * | |
| 4 | 4 of 6 | 080 | 4 | 2 | 080 | Home Operations and Maintenance To eliminate property maintenance and repair expenses due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | \$3,326 | (\$140) | \$3,186 * | |
| 5 | 4 of 6 | 080 | 4 | 2 | 080 | Home Operations and Maintenance To eliminate home supplies expenses due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * \$3,186 | (\$78) | \$3,108 * | |
| 6 | 4 of 6 | 080 | 4 | 2 | 080 | Home Operations and Maintenance To eliminate home supplies expenses due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * \$3,108 | (\$242) | \$2,866 * | |

*Balance carried forward from prior/to subsequent adjustment

| Provider Name | | | | | | | Fiscal Period | NPI | | Adjustments |
|--------------------------------------|--------------------------|------|--------------|------|------|--|------------------------------------|-------------|---------------------|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1801981667 | | 21 |
| 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 | | | | | | | | | | |
| 7 | 4 of 6 | 080 | 4 | 2 | 080 | Home Operations and Maintenance To eliminate home furniture expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$2,866 | (\$326) | \$2,540 |
| 8 | 4 of 6 | 085 | 4 | 2 | 085 | Utilities To eliminate late payment charges not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, and 2304 | | \$7,258 | (\$30) | \$7,228 |
| 9 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate mileage and medical reimbursement expenses reported as salaries—officers allocated from the Home Office due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$117,906 | (\$4,518) | \$113,388 * |
| 10 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate travel expenses allocated from the Home Office due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2304.1 | * | \$113,388 | (\$1,452) | \$111,936 * |
| 11 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate automobile expenses allocated from the Home Office due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$111,936 | (\$3,754) | \$108,182 * |
| 12 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate interest—other expenses allocated from the Home Office due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$108,182 | (\$1,410) | \$106,772 * |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | | | | | | Fiscal Period | NPI | Adjustments | |
|---|--------------------------|------|--------------|------|------|--|------------------------------------|-------------|---------------------|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1801981667 | 21 | |
| 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>ADJUSTMENTS TO REPORTED COSTS</u> | | | | | | | | | | |
| 13 | 4.1 of 6 | 230 | 4 | 2 | 230 | Other General and Administrative To eliminate telephone expenses allocated from the Home Office due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 | * | \$106,772 | (\$686) | \$106,086 |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | | | | | | Fiscal Period | NPI | Adjustments | |
|--|--------------------------|------|--------------|------|------|--|------------------------------------|-------------|---------------------|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1801981667 | 21 | |
| 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 REPORTED CLIENT DAYS</u> | | | | | | | | | | |
| 14 | 2 of 6 | 3 | 1 | 1 | 1 | Medi-Cal Client Days To adjust reported total client days to agree with the provider's patient census records. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304 | 2,169 | (6) | 2,163 | |

| Provider Name | | | | | | | Fiscal Period | | | NPI | | Adjustments |
|--|--------------------------|------|--------------|------|------|------|---|-------------|---------------------|-------------|--|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | | | 1801981667 | | 21 |
| 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>ADJUSTMENTS TO OTHER MATTERS</u> | | | | | | | | | | | | |
| 15 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for incorrect billing of leave of absence days. CCR, Title 22, Sections 51458.1 and 51535 | \$0 | \$186 | \$186 * | | |
| 16 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for incorrect billing of leave of absence days. CCR, Title 22, Sections 51458.1 and 51535 | * \$186 | \$186 | \$372 * | | |
| 17 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for the day of discharge. 42 CFR 413.50 CMS Pub. 15-1, Sections 2205 and 2205.1 CCR, Title 22, Section 51458.1 | * \$372 | \$186 | \$558 * | | |
| 18 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for billing after the day of discharge. 42 CFR 413.50 CMS Pub. 15-1, Sections 2205 and 2205.1 CCR, Title 22, Section 51458.1 | * \$558 | \$557 | \$1,115 * | | |
| 19 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for incorrect billing of leave of absence days. CCR, Title 22, Sections 51458.1 and 51535 | * \$1,115 | \$186 | \$1,301 * | | |

*Balance carried forward from prior/to subsequent adjustments

| Provider Name | | | | | | | Fiscal Period | | | NPI | | Adjustments |
|--|--------------------------|------|--------------|------|------|------|--|-------------|---------------------|-------------|-----------|-------------|
| ANDRU HOME | | | | | | | JULY 1, 2011 THROUGH JUNE 30, 2012 | | | 1801981667 | | 21 |
| 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>ADJUSTMENTS TO OTHER MATTERS</u> | | | | | | | | | | | | |
| 20 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for incorrect billing of leave of absence days. CCR, Title 22, Sections 51458.1 and 51535 | * | \$1,301 | \$371 | \$1,672 * | |
| 21 | N/A | | | 1 | 1 | | Incorrect Billing To recover Medi-Cal overpayments for incorrect billing of bedhold days. CCR, Title 22, Sections 51458.1 and 51535.1 | * | \$1,672 | \$186 | \$1,858 | |

*Balance carried forward from prior/to subsequent adjustments