

**REPORT
ON THE
RATE SETTING AUDIT
ACRE – DD HOME
NORTH HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1861617169
FISCAL PERIOD ENDED
JUNE 30, 2012**

**Audits Section - Burbank
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: Peter Scollan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 10, 2013

Edna Ramos, Controller
The Help Group / Project Six
13130 Burbank Boulevard
Sherman Oaks, California 91401

ACRE – DD HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1861617169
FISCAL PERIOD ENDED JUNE 30, 2012

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 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	\$	376,149	\$ 176.26
Net Audit Adjustment		<u>20,246</u>	<u>9.49</u>
Audited Cost/Cost Per Day	\$	<u>396,395</u>	\$ <u>185.75</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 \$4,896, 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.

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—Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section—Burbank
Financial Audits Branch

Certified

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

Provider:
ACRE - DD HOME

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

Provider NPI:
1861617169

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 9)	0	2,134
2. Medi-Cal Managed Care Days (Adj 9)	2,134	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,134</u>	<u>2,134</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>376,149</u>	\$ <u>396,395</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>176.26</u>	\$ <u>185.75</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 10)	\$ <u>0</u>	\$ <u>4,896</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:
ACRE - DD HOME

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

Provider NPI:
1861617169

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		\$ 4,548	\$	\$ 4,548
050	Leases and Rentals		3,515		3,515
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		6,954		6,954
070	Property Insurance		3,977		3,977
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,994	\$ 0	\$ 18,994
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 584	\$	\$ 584
085	Utilities		0		0
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		18,542		18,542
100	Personal Care and Laundry	5, 6, 7	17,578	(732)	16,846
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,704	\$ (732)	\$ 35,972
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 55,698	\$ (732)	\$ 54,966
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,153	\$	\$ 15,153
120	QMRP Fringe Benefits		2,995		2,995
125	Lead Salaries		159,439		159,439
130	Lead Fringe Benefits	1	31,398	(558)	30,840
135	Aides Salaries		0		0
140	Aides Fringe Benefits		0		0
145	Other Salaries		17,815		17,815
150	Other Fringe Benefits	1	2,990	558	3,548
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 229,790	\$ 0	\$ 229,790

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ACRE - DD HOME

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

Provider NPI:
1861617169

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant \$	\$	\$ 0		0
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		169		169
185	Nurse Consultant		527		527
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		638		638
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 1,334	\$ 0	\$ 1,334
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	3, 4	\$ 27,141	\$ 16,395	\$ 43,536
225	Administrative Fringe Benefits	4	8,480	(120)	8,360
226	Quality Assurance Fees (excluding Adult Day Services)	2	27,619	(3,464)	24,155
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 8	26,087	8,167	34,254
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 89,327	\$ 20,978	\$ 110,305
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 376,149	\$ 20,246	\$ 396,395
	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)		\$ 376,149	\$ 20,246	\$ 396,395

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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
ACRE - DD HOME							JULY 1, 2011 THROUGH JUNE 30, 2012	1861617169		10
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4	150	4	2	150	3	Other Benefits	\$2,990	\$558	\$3,548
	4	130	4	2	130	3	Lead Benefits	31,398	(558)	30,840
							To reclassify fringe benefits expense based on weighted salaries. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8			
2	4	230	4	2	230	3	Other General and Administrative	\$26,087	\$3,464	\$29,551 *
	4	226	4	2	226	3	Quality Assurance Fees	27,619	(3,464)	24,155
							To reclassify legal fees to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8			

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period			Provider NPI		Adjustments		
ACRE - DD HOME				JULY 1, 2011 THROUGH JUNE 30, 2012			1861617169		10		
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											
3	4	220	4	2	220	3	Administrative Salaries To include administrative salaries that were excluded on the cost report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$27,141	\$17,027	\$44,168 *	
4	4	220	4	2	220	3	Administrative Salaries	*	\$44,168	(\$632)	\$43,536
	4	225	4	2	225	3	Administrative Fringe Benefits To abate miscellaneous revenue against related costs. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Sections 2300, 2304, and 2328 CMS Pub. 15-2, Section 3613	8,480	(120)	8,360	
	4	100	4	2	100	3	Personal Care and Laundry	\$17,578			
5							To eliminate prescription drug costs not included in the rate. CCR, Title 22, Section 51510.2(b)			(\$110)	
6							To eliminate birthday party expense related to another facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(299)	
7							To eliminate laboratory expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			<u>(323)</u> <u>(\$732)</u>	\$16,846
8	4	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the filed home office cost report for fiscal year ended June 30, 2012. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$29,551	\$4,703	\$34,254

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
ACRE - DD HOME				JULY 1, 2011 THROUGH JUNE 30, 2012				1861617169		10
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>										
9	2	C 3	1	1	1	2	Medi-Cal Client Days	0	2,134	2,134
	2	C 3	2	1	2	2	Medi-Cal Managed Care Days To reclassify Medi-Cal fee-for-service client days for proper disclosure. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304	2,134	(2,134)	0

Provider Name				Fiscal Period				Provider NPI		Adjustments
ACRE - DD HOME				JULY 1, 2011 THROUGH JUNE 30, 2012				1861617169		10
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 OTHER MATTERS</u>										
10	Not Reported			1	1	2	Share of Cost To recover Medi-Cal overpayments because client share-of-cost was not properly deducted from the amount billed. 42 CFR 413.5 and 413.20 / CMS Pub. 15-1, Section 2409	\$0	\$4,896	\$4,896