

**REPORT
ON THE
RATE SETTING AUDIT**

**BRADLEY HOUSE
SYLMAR, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1891847406**

**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: Allen Dervi
Auditor: Kevin Grace**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

Viji Krishnaswamy
Finance Manager
Valley Village
20830 Sherman Way
Winnetka, CA 91306

BRADLEY HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1891847406
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	\$	381,589	\$ 173.77
Net Audit Adjustment		(2,728)	(1.25)
Audited Cost/Cost Per Day	\$	<u>378,861</u>	\$ <u>172.52</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 \$85, 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.

Viji Krishnaswamy
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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:
BRADLEY HOUSE

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

Provider NPI:
1891847406

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	0	2,196
2. Medi-Cal Managed Care Days (Adj 7)	2,196	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,196</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>381,589</u>	\$ <u>378,861</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>173.77</u>	\$ <u>172.52</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 8)	\$ <u>NA</u>	\$ <u>85</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:
BRADLEY HOUSE

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

Provider NPI:
1891847406

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	\$ 0
050	Leases and Rentals		0	0	0
055	Real Property Taxes		0	0	0
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		0	0	0
070	Property Insurance		2,537	0	2,537
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 2,537	\$ 0	\$ 2,537
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 1,546	\$ 0	\$ 1,546
085	Utilities		3,231	0	3,231
090	Client Transportation (excluding Adult Day Services)		19,715	0	19,715
095	Dietary		26,758	0	26,758
100	Personal Care and Laundry	4,5,6	7,701	(2,200)	5,501
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 58,951	\$ (2,200)	\$ 56,751
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 61,488	\$ (2,200)	\$ 59,288
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 11,715	\$ 0	\$ 11,715
120	QMRP Fringe Benefits	2	3,214	(755)	2,459
125	Lead Salaries		73,003	0	73,003
130	Lead Fringe Benefits	2	19,900	(4,577)	15,323
135	Aides Salaries		82,874	0	82,874
140	Aides Fringe Benefits	2	10,652	6,743	17,395
145	Other Salaries		20,222	0	20,222
150	Other Fringe Benefits	2	5,685	(1,441)	4,244
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 227,265	\$ (30)	\$ 227,235

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BRADLEY HOUSE

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

Provider NPI:
1891847406

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 722	\$ 0	\$ 722
165	Speech Pathology Consultant		0	0	0
170	Physical Therapy Consultant		615	0	615
175	Occupational Therapy Consultant		1,486	0	1,486
180	Pharmacist Consultant		455	0	455
185	Nurse Consultant		0	0	0
190	Psychologist Consultant		3,044	0	3,044
195	Physician Consultant	3	1,728	(528)	1,200
200	Recreational Consultant		0	0	0
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 8,050	\$ (528)	\$ 7,522
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 143	\$ 0	\$ 143
225	Administrative Fringe Benefits	2	0	30	30
226	Quality Assurance Fees (excluding Adult Day Services)	1	22,295	(3,317)	18,978
230	Other General and Administrative*** (Excluding Adult Day Services)	1	62,348	3,317	65,665
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 84,786	\$ 30	\$ 84,816
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 381,589	\$ (2,728)	\$ 378,861
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 939	\$ 0	\$ 939
241	Adult Day Services and Related Transportation		0	0	0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 382,528	\$ (2,728)	\$ 379,800

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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
BRADLEY HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1891847406		8
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>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	226	4	2	226	2	Quality Assurance Fees	\$22,295	(\$3,317)	\$18,978
	4.1	230	4	2	230	2	Other General and Administrative	62,348	3,317	65,665
							To reclassify facility license renewal 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			
2	4.1	120	4	2	120	2	QMRP Fringe Benefits	\$3,214	(\$755)	\$2,459
	4.1	130	4	2	130	2	Lead Fringe Benefits	19,900	(4,577)	15,323
	4.1	140	4	2	140	2	Aides Fringe Benefits	10,652	6,743	17,395
	4.1	150	4	2	150	2	Other Fringe Benefits	5,685	(1,441)	4,244
	4.1	225	4	2	225	2	Administrative Fringe Benefits	0	30	30
							To adjust the reported allocation of employee benefits, based on reported salaries, to agree with the computation based on audited salaries. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
BRADLEY HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012	1891847406		8
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				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
3	4.1	195	4	2	195	2	Physician Consultant To eliminate separately billable physician services. CCR, Title 22, Section 51510.2	\$1,728	(\$528)	\$1,200
4	4	100	4	2	100	2	Personal Care and Laundry To eliminate dental costs not included in the routine rate. CMS Pub.15-1, Section 2104.4 CCR, Title 22, 51510.2	\$7,701	(\$1,343)	\$6,358 *
5	4	100	4	2	100	2	Personal Care and Laundry To eliminate expenses that were charged against share of cost to avoid duplicate reimbursement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$6,358	(\$640)	\$5,718 *
6	4	100	4	2	100	2	Personal Care and Laundry To eliminate expenses for separately billable services to avoid duplicate reimbursement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$5,718	(\$217)	\$5,501

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
BRADLEY HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1891847406		8
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 PATIENT DAYS</u>										
7	2	C 3	1	1	1	2	Medi-Cal Client Days	0	2,196	2,196
	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	2,196	(2,196)	0

Provider Name				Fiscal Period				Provider NPI		Adjustments
BRADLEY HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1891847406		8
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>										
8	Not Reported			1	1	2	Share of Cost Audit Adjustment 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	\$0	\$85	\$85