

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SFVAR – NEW HORIZONS (13A)  
NORTH HILLS, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1164640793**

**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: Tina Ho**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 5, 2013

Dianne Thorsell  
Chief Financial Officer  
San Fernando Valley Association for the Retarded, Inc. – New Horizons  
15725 Parthenia Street  
North Hills, CA 91343

SFVAR – NEW HORIZONS (13A)  
NATIONAL PROVIDER IDENTIFIER (NPI) 1164640793  
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	\$	372,176	\$ 169.48
Net Audit Adjustment		<u>(1,636)</u>	<u>(.75)</u>
Audited Cost/Cost Per Day	\$	<u>370,540</u>	\$ <u>168.73</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 \$351, 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.

Dianne Thorsell  
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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:**  
SFVAR - NEW HORIZONS (13A)

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

**Provider NPI:**  
1164640793

**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 )	2,196	2,196
2. Medi-Cal Managed Care Days (Adj )	0	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>372,176</u>	\$ <u>370,540</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>169.48</u>	\$ <u>168.73</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 7)	\$ <u>NA</u>	\$ <u>351</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:  
SFVAR - NEW HORIZONS (13A)

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

Provider NPI:  
1164640793

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		\$ 248	\$	\$ 248
050	Leases and Rentals				0
055	Real Property Taxes		188		188
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance		602		602
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 1,038	\$ 0	\$ 1,038
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 9,199	\$	\$ 9,199
085	Utilities		1,747		1,747
090	Client Transportation (excluding Adult Day Services)		4,735		4,735
095	Dietary	1	13,109	(174)	12,935
100	Personal Care and Laundry	2, 3	6,298	(469)	5,829
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 35,088	\$ (643)	\$ 34,445
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 36,126	\$ (643)	\$ 35,483
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 20,550	\$	\$ 20,550
120	QMRP Fringe Benefits		5,381		5,381
125	Lead Salaries		25,232		25,232
130	Lead Fringe Benefits		6,607		6,607
135	Aides Salaries		99,506		99,506
140	Aides Fringe Benefits		26,057		26,057
145	Other Salaries		17,932		17,932
150	Other Fringe Benefits		4,696		4,696
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 205,961	\$ 0	\$ 205,961

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SFVAR - NEW HORIZONS (13A)

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

Provider NPI:  
1164640793

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		\$ 1,968	\$	\$ 1,968
165	Speech Pathology Consultant		1,380		1,380
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		2,450		2,450
180	Pharmacist Consultant				0
185	Nurse Consultant		181		181
190	Psychologist Consultant		2,386		2,386
195	Physician Consultant	4	2,400	(480)	1,920
200	Recreational Consultant				0
205	Social Service Consultant		590		590
210	Other Consultant	5	622	(622)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,977	\$ (1,102)	\$ 10,875
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 32,389	\$	\$ 32,389
225	Administrative Fringe Benefits		8,481		8,481
226	Quality Assurance Fees (excluding Adult Day Services)		21,476		21,476
230	Other General and Administrative*** (Excluding Adult Day Services)	6	55,766	109	55,875
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 118,112	\$ 109	\$ 118,221
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 372,176	\$ (1,636)	\$ 370,540
	<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)		\$ 372,176	\$ (1,636)	\$ 370,540

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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	
SFVAR - NEW HORIZONS (13A)							JULY 1, 2011 THROUGH JUNE 30, 2012	1164640793	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>ADJUSTMENTS TO REPORTED COSTS</u></b>										
1	4	95	4	2	95	2	Dietary To adjust food supplies prepaid cards expenses to agree with the amou of actual groceries purchased 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304	\$13,109	(\$174)	\$12,935
	4	100	4	2	100	2	Personal Care and Laundry	\$6,298		
2							To eliminate physician services and personal items not included in the routine rate and to eliminate expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		(\$229)	
3							To abate miscellaneous revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328 CMS Pub. 15-2, Section 3613		<u>(240)</u> <u>(\$469)</u>	\$5,829
4	4.1	195	4	2	195	2	Physician Consultant To adjust physician consultant expense to reflect the proper allocation of costs between ten New Horizons' facilities. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2102.1, 2302.4 and 2302.8	\$2,400	(\$480)	\$1,920
5	4.1	210	4	2	210	2	Other Consultant To eliminate reported other program consultant expense applicable to New Horizons 13B. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$622	(\$622)	\$0

Provider Name				Fiscal Period				Provider NPI		Adjustments
SFVAR - NEW HORIZONS (13A)				JULY 1, 2011 THROUGH JUNE 30, 2012				1164640793		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>ADJUSTMENTS TO REPORTED COSTS</u></b>										
6	4.1	230	4	2	230	2	Other General and Administrative To include cable expense applicable to the audit period which was mistakenly included with a related facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$55,766	\$109	\$55,875

Provider Name				Fiscal Period			Provider NPI		Adjustments	
SFVAR - NEW HORIZONS (13A)				JULY 1, 2011 THROUGH JUNE 30, 2012			1164640793		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.				
<u>ADJUSTMENT TO OTHER MATTERS</u>										
7	N/A			1	1.00	3	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	\$351	\$351