

**REPORT
ON THE
RATE SETTING AUDIT**

**SFVAR – NEW HORIZONS (15859)
NORTH HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1124247333**

**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: Anita Keshishyan**



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



EDMUND G. BROWN JR.
GOVERNOR

July 10, 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 (15859)
NATIONAL PROVIDER IDENTIFIER 1124247333
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	\$	383,384	\$ 174.58
Net Audit Adjustment		(8,110)	7.06
Audited Cost/Cost Per Day	\$	<u>375,274</u>	\$ <u>181.64</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 \$11,205, 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 (15859)

Fiscal Period:

JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:

1124247333

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 10)	2,196	2,066
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>2,066</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>383,384</u>	\$ <u>375,274</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>174.58</u>	\$ <u>181.64</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj 11)	\$ <u>NA</u>	\$ <u>11,205</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 (15859)

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

Provider NPI:
1124247333

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		\$ 1,445	\$	\$ 1,445
050	Leases and Rentals				0
055	Real Property Taxes		418		418
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	9	2,657	(1,232)	1,425
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 4,520	\$ (1,232)	\$ 3,288
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 17,665	\$	\$ 17,665
085	Utilities	1	7,284	(643)	6,641
090	Client Transportation (excluding Adult Day Services)		6,596		6,596
095	Dietary	3	15,204	(251)	14,953
100	Personal Care and Laundry	7, 8	4,233	(490)	3,743
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 50,982	\$ (1,384)	\$ 49,598
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 55,502	\$ (2,616)	\$ 52,886
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 26,805	\$	\$ 26,805
120	QMRP Fringe Benefits		7,019		7,019
125	Lead Salaries	2	26,979	(3,631)	23,348
130	Lead Fringe Benefits		7,065		7,065
135	Aides Salaries		86,978		86,978
140	Aides Fringe Benefits		22,776		22,776
145	Other Salaries		20,472		20,472
150	Other Fringe Benefits		5,361		5,361
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 203,455	\$ (3,631)	\$ 199,824

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
SFVAR - NEW HORIZONS (15859)

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

Provider NPI:
1124247333

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,488	\$	\$ 1,488
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		1,960		1,960
180	Pharmacist Consultant				0
185	Nurse Consultant		128		128
190	Psychologist Consultant		2,211		2,211
195	Physician Consultant	4	2,400	(480)	1,920
200	Recreational Consultant				0
205	Social Service Consultant	5	622	(622)	0
210	Other Consultant		632		632
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 9,441	\$ (1,102)	\$ 8,339
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 32,396	\$	\$ 32,396
225	Administrative Fringe Benefits		8,483		8,483
226	Quality Assurance Fees (excluding Adult Day Services)		19,904		19,904
230	Other General and Administrative*** (Excluding Adult Day Services)	6	54,203	(761)	53,442
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 114,986	\$ (761)	\$ 114,225
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 383,384	\$ (8,110)	\$ 375,274
	NON-CLIENT CARE EXPENSES		(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)		\$ 383,384	\$ (8,110)	\$ 375,274

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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 (15859)							JULY 1, 2011 THROUGH JUNE 30, 2012	1124247333		11
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										
1	4	085	4	2	085	2	Utilities To adjust utility expense to agree with expense applicable t the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$7,284	(\$643)	\$6,641
2	4.1	125	4	2	125	2	Lead Salaries To abate home manager's room and board revenue against the lead salaries cost center 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328 CMS Pub. 15-2, Section 3613	\$26,979	(\$3,631)	\$23,348
3	4	095	4	2	095	2	Dietary To adjust food supplies prepaid cards expense to agree with the amount of actual groceries purchased. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304	\$15,204	(\$251)	\$14,953
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 Horizon facilities. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2302.4 and 2302.8	\$2,400	(\$480)	\$1,920
5	4.1	205	4	2	205	2	Social Service Consultant To eliminate social services consultant expense not applicable to the facility. 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 (15859)							JULY 1, 2011 THROUGH JUNE 30, 2012	1124247333		11
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>										
6	4.1	230	4	2	230	2	Other General and Administrative To adjust cable expense to reflect the proper allocation of costs between eight New Horizon facilities. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2302.4 and 2302.8	\$54,203	(\$761)	\$53,442
	4	100	4	2	100	2	Personal Care and Laundry	\$4,233		
7							To eliminate dental and eyeglasses costs not included in the routine rate. CMS Pub.15-1, Section 2104.4 CCR, Title 22, 51510.2		(\$330)	
8							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>(160)</u> <u>(\$490)</u>	\$3,743
9	4	070	4	2	070	2	Property Insurance To adjust the reported property insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,657	(\$1,232)	\$1,425

Provider Name							Fiscal Period			Provider NPI		Adjustments
SFVAR - NEW HORIZONS (15859)							JULY 1, 2011 THROUGH JUNE 30, 2012			1124247333		11
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>												
10	2	3	4	1	1	N/A	Total Client Days To adjust total client days to agree with the provider's client census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304			2,196	(130)	2,066

Provider Name				Fiscal Period				Provider NPI		Adjustments
SFVAR - NEW HORIZONS (15859)				JULY 1, 2011 THROUGH JUNE 30, 2012				1124247333		11
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>										
11	Not Reported			1	1	3	Share of Cost 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	\$11,205	\$11,205