

**REPORT  
ON THE  
RATE SETTING AUDIT**

**POSITIVE DIRECTIONS #5  
DELANO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1649493297**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kathy Atkins  
Auditor: Jose Juarez**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 16, 2013

Trisha Lague, CFO  
Positive Directions, Inc.  
921 13th Avenue  
Delano, CA 93215

POSITIVE DIRECTIONS #5  
NATIONAL PROVIDER IDENTIFIER (NPI) 1649493297  
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	\$	363,417	\$ 165.49
Net Audit Adjustment		<u>(45,666)</u>	<u>(20.79)</u>
Audited Cost/Cost Per Day	\$	<u>317,751</u>	\$ <u>144.70</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 \$199, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

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

Trisha Lague  
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief  
Audits Section—Fresno  
Financial Audits Branch

Certified

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

**Provider:**  
POSITIVE DIRECTIONS #5

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

**Provider NPI:**  
1649493297

**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
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,196</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>363,417</u>	\$ <u>317,751</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>165.49</u>	\$ <u>144.70</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj 11)	\$ <u>NA</u>	\$ <u>(199)</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ _____	\$ <u>0</u>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
POSITIVE DIRECTIONS #5

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

Provider NPI:  
1649493297

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	2	\$ 3,428	\$ (1,027)	\$ 2,401
050	Leases and Rentals				0
055	Real Property Taxes		1,712		1,712
060	Personal Property Taxes				0
065	Mortgage Interest		570		570
070	Property Insurance	3	1,919	(1,324)	595
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 7,629	\$ (2,351)	\$ 5,278
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	4, 5	\$ 17,060	\$ (102)	\$ 16,958
085	Utilities		6,634		6,634
090	Client Transportation (excluding Adult Day Services)	3, 6-8	3,336	(2,215)	1,121
095	Dietary		14,978		14,978
100	Personal Care and Laundry		178		178
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 42,186	\$ (2,317)	\$ 39,869
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 49,815	\$ (4,668)	\$ 45,147
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	9	\$ 11,927	\$ (550)	\$ 11,377
120	QMRP Fringe Benefits		2,568		2,568
125	Lead Salaries		26,092		26,092
130	Lead Fringe Benefits		15,996		15,996
135	Aides Salaries		107,731		107,731
140	Aides Fringe Benefits		25,300		25,300
145	Other Salaries		2,171		2,171
150	Other Fringe Benefits	1	656	(64)	592
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 192,441	\$ (614)	\$ 191,827

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
POSITIVE DIRECTIONS #5

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

Provider NPI:  
1649493297

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		\$ 1,147	\$	\$ 1,147
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		1,954		1,954
185	Nurse Consultant		7,962		7,962
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,452		1,452
205	Social Service Consultant				0
210	Other Consultant		1,434		1,434
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,949	\$ 0	\$ 13,949
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		22,326		22,326
230	Other General and Administrative*** Adult Day Services) (Excluding	1, 3, 10	84,886	(40,384)	44,502
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 107,212	\$ (40,384)	\$ 66,828
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 363,417	\$ (45,666)	\$ 317,751
	<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)		\$ 363,417	\$ (45,666)	\$ 317,751

\* Total amounts on cost report do not foot.

\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period		Provider NPI		Adjustments
POSITIVE DIRECTIONS #5							JULY 1, 2011 THROUGH JUNE 30, 2012		1649493297		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					
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>											
1	4.1	150	4	2	150	3	Other Fringe Benefits	\$656	(\$64)	\$592	
	4.1	230	4	2	230	3	Other General and Administrative To reclassify mileage expense to the appropriate cost center for prop rate determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	84,886	64	84,950 *	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
POSITIVE DIRECTIONS #5				JULY 1, 2011 THROUGH JUNE 30, 2012				1649493297		11
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				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate depreciation expense due to insufficient documentation and to agree with the provider's records. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 102, 104.10E, 104.14A(4), 2300 and 2304	\$3,428	(\$1,027)	\$2,401
3	4	070	4	2	070	3	Property Insurance	\$1,919	(\$1,324)	\$595
	4	090	4	2	090	3	Client Transportation	3,336	(575)	2,761 *
	4.1	230	4	2	230	3	Other General and Administrative To adjust the reported insurance expense to agree with the provider's records and to properly allocate costs. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* 84,950	1,290	86,240 *
	4	080	4	2	080	3	Home Operations and Maintenance	\$17,060		
4							To eliminate expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$44)	
5							To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(58) (\$102)	\$16,958
	4	090	4	2	090	3	Client Transportation	* \$2,761		
6							To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$161)	
7							To eliminate fines not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105		(93) (\$254)	\$2,507 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments	
POSITIVE DIRECTIONS #5				JULY 1, 2011 THROUGH JUNE 30, 2012				1649493297		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					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
8	4	090	4	2	090	3	Client Transportation To eliminate vehicle gas expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2105.9, 2300 and 2304	*	\$2,507	(\$1,386)	\$1,121
9	4.1	115	4	2	115	3	QMRP Salaries To adjust salaries to agree with the payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$11,927	(\$550)	\$11,377
10	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the Positive Directions, Inc. Home Office Audit Report for fiscal period ended June 30, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$86,240	(\$41,738)	\$44,502

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
POSITIVE DIRECTIONS #5				JULY 1, 2011 THROUGH JUNE 30, 2012				1649493297		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	N/A			1	1	2	Share of Cost To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed and due to lack of supporting documentation. 42 CFR 413.20, 413.24 and 413.5 CMS Pub. 15-1, Sections 2300, 2304 and 2409	\$0	\$199	\$199