

**REPORT
ON THE
RATE SETTING AUDIT
RESEDA HORIZONS, INC.
RESEDA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1629296272
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: Debra K. Blake
Auditor: Loan Vuong**



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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Diane Thorsell
Chief Finance Officer
SFV Association for the Retarded, Inc.
15725 Parthenia Street
North Hills, CA 91343

RESEDA HORIZONS, INC.
NATIONAL PROVIDER IDENTIFIER (NPI) 1629296272
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	\$	379,038	\$ 172.60
Net Audit Adjustment		<u>(5,731)</u>	<u>(2.61)</u>
Audited Cost/Cost Per Day	\$	<u>373,307</u>	\$ <u>169.99</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 \$800, 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.

Diane 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:
RESEDA HORIZONS, INC.

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

Provider NPI:
1629296272

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

	AS REPORTED	AS AUDITED
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>379,038</u>	\$ <u>373,307</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>172.60</u>	\$ <u>169.99</u>

SHARE OF COST

7. Share of Cost Audit Adjustment (Adj 7)	\$ <u>NA</u>	\$ <u>800</u>
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OVERPAYMENTS

8. Duplicate Payments (Adj)	\$ <u>0</u>	\$ <u>0</u>
9. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
10. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RESEDA HORIZONS, INC.

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

Provider NPI:
1629296272

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		\$ 270	\$	\$ 270
050	Leases and Rentals		0		0
055	Real Property Taxes		188		188
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		602		602
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 1,060	\$ 0	\$ 1,060
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 8,018	\$	\$ 8,018
085	Utilities		1,747		1,747
090	Client Transportation (excluding Adult Day Services)		8,892		8,892
095	Dietary	2, 3	13,655	(4,827)	8,828
100	Personal Care and Laundry		4,683		4,683
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 36,995	\$ (4,827)	\$ 32,168
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 38,055	\$ (4,827)	\$ 33,228
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 20,988	\$	\$ 20,988
120	QMRP Fringe Benefits	1	5,496	15	5,511
125	Lead Salaries		21,346		21,346
130	Lead Fringe Benefits	1	5,590	14	5,604
135	Aides Salaries		76,754		76,754
140	Aides Fringe Benefits	1	20,099	53	20,152
145	Other Salaries		32,210		32,210
150	Other Fringe Benefits	1	8,434	22	8,456
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 190,917	\$ 104	\$ 191,021

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RESEDA HORIZONS, INC.

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

Provider NPI:
0

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 843	\$	\$ 843
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		1,943		1,943
180	Pharmacist Consultant		0		0
185	Nurse Consultant		128		128
190	Psychologist Consultant		1,476		1,476
195	Physician Consultant	4	2,400	(480)	1,920
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		622		622
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,412	\$ (480)	\$ 6,932
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 53,460	\$	\$ 53,460
225	Administrative Fringe Benefits	1	14,140	(104)	14,036
226	Quality Assurance Fees (excluding Adult Day Services)		20,868		20,868
230	Other General and Administrative*** (Excluding Adult Day Services)	5, 6	54,186	(424)	53,762
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 142,654	\$ (528)	\$ 142,126
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 379,038	\$ (5,731)	\$ 373,307
	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)		\$ 379,038	\$ (5,731)	\$ 373,307

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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
RESEDA HORIZONS, INC.				JULY 1, 2011 THROUGH JUNE 30, 2012				1629296272		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>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$5,496	\$15	\$5,511
	4.1	130	4	2	130	3	Lead Fringe Benefits	5,590	14	5,604
	4.1	140	4	2	140	3	Aides Fringe Benefits	20,099	53	20,152
	4.1	150	4	2	150	3	Other Fringe Benefits	8,434	22	8,456
	4.1	225	4	2	225	3	Administrative Fringe Benefits	14,140	(104)	14,036
							To reclassify fringe benefits expense to the appropriate cost centers for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8			

Provider Name							Fiscal Period	Provider NPI	Adjustments	
RESEDA HORIZONS, INC.							JULY 1, 2011 THROUGH JUNE 30, 2012	1629296272	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>ADJUSTMENTS TO REPORTED COSTS</u>										
	4	095	4	2	095	3	Dietary	\$13,655		
2							To adjust prepaid cards expense to agree with the provider's record: 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$94)	
3							To abate food revenue against the related cost center. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328 CMS Pub. 15-2, Section 3613		<u>(4,733)</u>	\$8,828
4	4.1	195	4	2	195	3	Physician Consultant To adjust physician consultant fees to reflect proper allocation of costs between the New Horizon facilities to agree with the contract. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2102.1, 2302.4 and 2302.8	\$2,400	(\$480)	\$1,920
	4.1	230	4	2	230	3	Other General and Administrative	\$54,186		
5							To offset revenue received from Regional Center against general and administrative cost center. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328 CMS Pub. 15-2, Section 3613		(\$194)	
6							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>(230)</u> <u>(\$424)</u>	\$53,762

Provider Name				Fiscal Period				Provider NPI		Adjustments
RESEDA HORIZONS, INC.				JULY 1, 2011 THROUGH JUNE 30, 2012				1629296272		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	7		Overpayments 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	\$800	\$800