

**REPORT
ON THE
RATE SETTING AUDIT**

**VALVERDE
RESEDA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1659499945**

**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: Henry Kwan
Auditor: Miriam Dau**



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



EDMUND G. BROWN JR.
GOVERNOR

July 5, 2013

Denise Ormé
Vice President of Finance
Exceptional Children's Foundation
8740 West Washington Boulevard
Culver City, California 90232

VALVERDE
NATIONAL PROVIDER IDENTIFIER (NPI) 1659499945
FISCAL PERIOD ENDED JUNE 30, 2012

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. 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 and patient days 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	\$	638,006	\$ 145.27
Net Audit Adjustment		<u>(1,852)</u>	<u>(0.43)</u>
Audited Cost/Cost Per Day	\$	<u>636,154</u>	\$ <u>144.84</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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.

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:
VALVERDE

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

Provider NPI:
1659499945

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	4,392	4,392
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>4,392</u>	<u>4,392</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>638,006</u>	\$ <u>636,154</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>145.27</u>	\$ <u>144.84</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</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: VALVERDE Fiscal Period: JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1659499945

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	3	\$ 1,857	\$ (1,541)	\$ 316
050	Leases and Rentals		0		0
055	Real Property Taxes		127		127
060	Personal Property Taxes		507		507
065	Mortgage Interest		1,027		1,027
070	Property Insurance		396		396
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 3,914	\$ (1,541)	\$ 2,373
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 7,844	\$ (5,790)	\$ 2,054
085	Utilities		635		635
090	Client Transportation (excluding Adult Day Services)		18,953		18,953
095	Dietary	2, 4	39,564	(218)	39,346
100	Personal Care and Laundry		588		588
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 67,584	\$ (6,008)	\$ 61,576
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 71,498	\$ (7,549)	\$ 63,949
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 27,657	\$	\$ 27,657
120	QMRP Fringe Benefits		7,456		7,456
125	Lead Salaries		17,351		17,351
130	Lead Fringe Benefits		4,678		4,678
135	Aides Salaries		256,213		256,213
140	Aides Fringe Benefits		53,539		53,539
145	Other Salaries		17,644		17,644
150	Other Fringe Benefits		4,756		4,756
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 389,294	\$ 0	\$ 389,294

SUMMARY OF AUDITED FACILITY EXPENSES

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

Provider NPI:
1659499945

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 4,095	\$	\$ 4,095
165	Speech Pathology Consultant	2	3,081	100	3,181
170	Physical Therapy Consultant		4,035		4,035
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		30,225		30,225
190	Psychologist Consultant		0		0
195	Physician Consultant		4,800		4,800
200	Recreational Consultant		1,664		1,664
205	Social Service Consultant		0		0
210	Other Consultant	5	18,058	(193)	17,865
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 65,958	\$ (93)	\$ 65,865
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$ 31,331	\$	\$ 31,331
225	Administrative Fringe Benefits		4,869		4,869
226	Quality Assurance Fees (excluding Adult Day Services)		43,283		43,283
230	Other General and Administrative*** (Excluding Adult Day Services)	1	31,773	5,790	37,563
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 111,256	\$ 5,790	\$ 117,046
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 638,006	\$ (1,852)	\$ 636,154
	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)		\$ 638,006	\$ (1,852)	\$ 636,154

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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	
VALVERDE							JULY 1, 2011 THROUGH JUNE 30, 2012	1659499945	5	
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4.1	230	4	2	230	3	Other General and Administrative	\$31,773	\$5,790	\$37,563
	4	080	4	2	080	3	Home Operations and Maintenance To reclassify telephone and postage expenses 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	7,844	(5,790)	2,054
2	4.1	165	4	2	165	3	Speech Pathology Consultant	\$3,081	\$100	\$3,181
	4	095	4	2	095	3	Dietary To reclassify speech pathology expense 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	39,564	(100)	39,464 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
VALVERDE							JULY 1, 2011 THROUGH JUNE 30, 2012	1659499945		5
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	045	4	2	045	3	Depreciation and Amortization To adjust capital related expenses for costs subsidized by HUD. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Section 2328	\$1,857	(\$1,541)	\$316
4	4	095	4	2	095	3	Dietary To eliminate dietary supplies expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306	* \$39,464	(\$118)	\$39,346
5	4.1	210	4	2	210	3	Other Consultant To eliminate audio consultant fees not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306	\$18,058	(\$193)	\$17,865

*Balance carried forward from prior/to subsequent adjustments