

**REPORT  
ON THE  
RATE SETTING AUDIT**

**GAPASIN MANOR ICF DDN #1  
STOCKTON, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1568676492**

**FISCAL PERIOD ENDED  
JANUARY 31, 2012**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Blanca Dacanay  
Auditors: Betty Clark and Ivan Quiroz**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 15, 2013

Violeta Gapasin, Administrator  
Gapasin Manor ICF DDN #1  
P.O. Box 691581  
Stockton, CA 95269

GAPASIN MANOR ICF DDN #1  
NATIONAL PROVIDER IDENTIFIER (NPI) 1568676492  
FISCAL PERIOD ENDED JANUARY 31, 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	\$	417,136	\$ 198.92
Net Audit Adjustment		<u>(29,873)</u>	<u>(14.25)</u>
Audited Cost/Cost Per Day	\$	<u>387,263</u>	\$ <u>184.67</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 \$ 636, which resulted from Medi-Cal overpayments.

The audit settlement will be incorporated into a Statements of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statements of Account

Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statements 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.

Violeta Gapasin  
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If you have questions regarding this report, you may call the Audits Section—  
Sacramento (916) 650-6994.

**Original Signed By**

Robert G. Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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

**Provider:**  
GAPASIN MANOR ICF DDN #1

**Fiscal Period:**  
FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012

**Provider NPI:**  
1568676492

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,097	2,097
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,097</u>	<u>2,097</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>417,136</u>	\$ <u>387,263</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>198.92</u>	\$ <u>184.67</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj 23)	\$ <u>NA</u>	\$ <u>636</u>
<b>OVERPAYMENTS</b>		
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:  
GAPASIN MANOR ICF DDN #1

Fiscal Period:  
FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012

Provider NPI:  
1568676492

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	3,4,5	\$ 7,139	\$ (3,340)	\$ 3,799
050	Leases and Rentals				0
055	Real Property Taxes	6	2,734	(255)	2,479
060	Personal Property Taxes				0
065	Mortgage Interest	7	8,958	(8,958)	0
070	Property Insurance	8	1,938	(181)	1,757
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 20,769	\$ (12,734)	\$ 8,035
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	9	\$ 12,060	\$ (4,730)	\$ 7,330
085	Utilities	10	9,901	(609)	9,292
090	Client Transportation (excluding Adult Day Services)	11,12,13,14	4,610	(4,610)	0
095	Dietary		10,788		10,788
100	Personal Care and Laundry	15	1,004	(651)	353
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,363	\$ (10,600)	\$ 27,763
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 59,132	\$ (23,334)	\$ 35,798
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	16	\$ 18,973	\$ (133)	\$ 18,840
120	QMRP Fringe Benefits	17	4,584	(3,074)	1,510
125	Lead Salaries		83,840		83,840
130	Lead Fringe Benefits		12,647		12,647
135	Aides Salaries	18,19	116,144	(2,567)	113,577
140	Aides Fringe Benefits	20	29,859	(520)	29,339
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 266,047	\$ (6,294)	\$ 259,753

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
GAPASIN MANOR ICF DDN #1

Fiscal Period:  
FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012

Provider NPI:  
1568676492

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	21	\$ 2,000	\$ (200)	\$ 1,800
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		300		300
185	Nurse Consultant		21,840		21,840
190	Psychologist Consultant				0
195	Physician Consultant		1,200		1,200
200	Recreational Consultant		990		990
205	Social Service Consultant				0
210	Other Consultant	22	45	(45)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 26,375	\$ (245)	\$ 26,130
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	2	\$ 33,530	\$ (2,642)	\$ 30,888
225	Administrative Fringe Benefits		10,623		10,623
226	Quality Assurance Fees (excluding Adult Day Services)		16,568		16,568
230	Other General and Administrative*** (Excluding Adult Day Services)	2	4,861	2,642	7,503
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 65,582	\$ 0	\$ 65,582
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 417,136	\$ (29,873)	\$ 387,263
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 738		\$ 738
241	Adult Day Services and Related Transportation		11,312		11,312
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 429,186	\$ (29,873)	\$ 399,313

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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
GAPASIN MANOR ICF DDN #1				FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012				1568676492		23
Report References										
Cost Report				Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments			
							As Reported	Increase (Decrease)	As Adjusted	
1							<p align="center"><u>MEMORANDUM ADJUSTMENT</u></p> <p>Reported costs in column 2 do not flow to column 4.                      For purposes of presentation, Cost Report reference for reported costs on adjustments draft will reference column 4.</p>			

Provider Name				Fiscal Period				Provider NPI		Adjustments
GAPASIN MANOR ICF DDN #1				FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012				1568676492		23
Report References										
Cost Report			Audit Report				Explanation of Audit Adjustments			
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<u>RECLASSIFICATION OF REPORTED COSTS</u>										
2	4.1	220	4	2	220	3	Administrative Salaries	\$33,530	(\$2,642)	\$30,888
	4.1	230	4	2	230	3	Other General and Administrative	4,861	2,642	7,503
To reclassify other administrative expense to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										

Provider Name							Fiscal Period	Provider NPI		Adjustments
GAPASIN MANOR ICF DDN #1							FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012	1568676492		23
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
3	4	045	4	2	045	3	Depreciation and Amortization	\$7,139		
							To eliminate refinancing escrow fee expenses due to lack of documentation demonstrating relationship to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$1,799)	
4							To adjust for a change in useful life to agree with the American Hospital Association Guidelines. 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300, and 2304		(1,150)	
5							To eliminate a portion of depreciation expense to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105		<u>(391)</u> (\$3,340)	\$3,799
6	4	055	4	2	055	3	Real Property Taxes To eliminate a portion of real property tax expenses to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	\$2,734	(\$255)	\$2,479
7	4	065	4	2	065	3	Mortgage Interest To eliminate mortgage interest expense due to lack of documentation that the borrowing was necessary, proper, reasonable and patient care related. 42 CFR 413.20, 413.24, 413.9(c)(3), and 413.153 CMS Pub. 15-1, Sections 202.1, 202.2, 2300, and 2304	\$8,958	(\$8,958)	\$0

Provider Name				Fiscal Period				Provider NPI		Adjustments
GAPASIN MANOR ICF DDN #1				FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012				1568676492		23
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	070	4	2	070	3	Property Insurance To eliminate a portion of property insurance expenses to account for live-in staff area not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	\$1,938	(\$181)	\$1,757
9	4	080	4	2	080	3	Home Operations and Maintenance To eliminate Home operations and Maintenance expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$12,060	(\$4,730)	\$7,330
10	4	085	4	2	085	3	Utilities To adjust the reported Utilities expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$9,901	(\$609)	\$9,292
11	4	090	4	2	090	3	Client Transportation  To eliminate vehicle lease payments made to a related party due to lack of documentation. 42 CFR 413.17 / CMS Pub. 15-1, Section 1005	\$4,610	(\$1,234)	
12							To eliminate gas purchases expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(2,443)	
13							To eliminate DMV vehicle registration expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(533)</u> (\$4,210)	\$400 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
GAPASIN MANOR ICF DDN #1							FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012	1568676492		23	
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
14	4	090	4	2	090	3	Client Transportation To eliminate car insurance expense due to insufficient documentation demonstrating relationship to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$400	(\$400)	\$0
15	4	100	4	2	100	3	Personal Care and Laundry To eliminate Personal Care and Laundry expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$1,004	(\$651)	\$353
16	4.1	115	4	2	115	3	QMRP Salaries To reconcile the reported QMRP salaries to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$18,973	(\$133)	\$18,840
17	4.1	120	4	2	120	3	QMRP Fringe Benefits To reconcile the reported QMRP fringe benefits to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$4,584	(\$3,074)	\$1,510
18	4.1	135	4	2	135	3	Aides Salaries  To eliminate bonuses due to insufficient documentation showing the expense is related to patient care. 42 CFR 413.20 and 413.24 CMS Pub 15-1, Sections 902, 904, 2102.1, 2136.2, 2300, and 2305		\$116,144	(\$492)	
19							To adjust salaries to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub 15-1, Sections 902, 904, 2102.1, 2136.2, 2300, and 2305			(2,075) (\$2,567)	\$113,577
*Balance carried forward from prior/to subsequent adjustments										Page 5	

Provider Name				Fiscal Period				Provider NPI		Adjustments
GAPASIN MANOR ICF DDN #1				FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012				1568676492		23
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>										
20	4.1	140	4	2	140	3	Aides Fringe Benefits To eliminate Aides benefits due to insufficient documentation showing that expense is related to patient care in conjunction with adjustment 18 and 19. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$29,859	(\$520)	\$29,339
21	4.1	160	4	2	160	3	Dietician Consultant 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	\$2,000	(\$200)	\$1,800
22	4.1	210	4	2	210	3	Other Consultant To eliminate hearing tests not included in the routine rate. CCR, Title 22, 51510.3	\$45	(\$45)	\$0

<b>Provider Name</b> GAPASIN MANOR ICF DDN #1				<b>Fiscal Period</b> FEBRUARY 1, 2011 THROUGH JANUARY 31, 2012			<b>Provider NPI</b> 1568676492		<b>Adjustments</b> 23	
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				

ADJUSTMENT TO OTHER MATTERS

23	Not Reported			1	1	Share of Cost To recover Medi-Cal overpayment 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	\$636	\$636
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