

**REPORT
ON THE
RATE SETTING AUDIT**

**R AND D HOME CARE
GARDENA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1770791980**

**FISCAL PERIOD ENDED
APRIL 30, 2012**

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

**Section Chief: Maria Delgado
Audit Supervisor: Ginn B. Sampson
Auditor: Xiaoli Li**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 29, 2013

Rosa Guerrero, Administrator
R and D Home Care
16221 South Menlo Avenue
Gardena, CA 90247

R AND D HOME CARE
NATIONAL PROVIDER IDENTIFIER (NPI): 1770791980
FISCAL PERIOD ENDED: APRIL 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	\$	358,957	\$ 173.74
Net Audit Adjustment		(120,403)	(58.44)
Audited Cost/Cost Per Day	\$	<u>238,554</u>	\$ <u>115.30</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—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

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

Provider:
R AND D HOME CARE

Fiscal Period:
MAY 1, 2011 THROUGH APRIL 30, 2012

Provider NPI:
1770791980

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 24)	2,066	2,069
2. Medi-Cal Managed Care Days (Adj)		
3. Other Client Days (Adj)		
4. Total Client Days	<u>2,066</u>	<u>2,069</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>358,957</u>	\$ <u>238,554</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>173.74</u>	\$ <u>115.30</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:
R AND D HOME CARE

Fiscal Period:
MAY 1, 2011 THROUGH APRIL 30, 2012

Provider NPI:
1770791980

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	\$ 14,914	\$ (14,914)	\$ 0
050	Leases and Rentals				
055	Real Property Taxes	1	3,952	(3,952)	0
060	Personal Property Taxes				0
065	Mortgage Interest	1	9,243	(9,243)	0
070	Property Insurance	1	1,495	(1,495)	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 29,604	\$ (29,604)	\$ 0
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2, 7, 21	\$ 6,573	\$ (5,368)	\$ 1,205
085	Utilities	3	4,195	(914)	3,281
090	Client Transportation (excluding Adult Day Services)	4, 22	2,031	(601)	1,430
095	Dietary	5	10,814	(212)	10,602
100	Personal Care and Laundry	6, 23	2,322	(2,149)	173
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 25,935	\$ (9,244)	\$ 16,691
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 55,539	\$ (38,848)	\$ 16,691
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 21,700		\$ 21,700
120	QMRP Fringe Benefits				
125	Lead Salaries	8	6,828	(2,337)	4,491
130	Lead Fringe Benefits	9	631	(195)	436
135	Aides Salaries	10	143,039	(36,592)	106,447
140	Aides Fringe Benefits	11	13,051	(5,861)	7,190
145	Other Salaries				
150	Other Fringe Benefits				
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 185,249	\$ (44,985)	\$ 140,264

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
R AND D HOME CARE

Fiscal Period:
MAY 1, 2011 THROUGH APRIL 30, 2012

Provider NPI:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 600	\$	\$ 600
165	Speech Pathology Consultant	12	1,437	(475)	962
170	Physical Therapy Consultant	13	1,278	(665)	613
175	Occupational Therapy Consultant	14	1,500	(120)	1,380
180	Pharmacist Consultant	15	390	(130)	260
185	Nurse Consultant	16	20,763	(6,500)	14,263
190	Psychologist Consultant		780		780
195	Physician Consultant				
200	Recreational Consultant	17	1,450	(1,450)	0
205	Social Service Consultant				
210	Other Consultant				
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 28,198	\$ (9,340)	\$ 18,858
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	18	\$ 49,898	\$ (16,578)	\$ 33,320
225	Administrative Fringe Benefits	19	5,679	(2,812)	2,867
226	Quality Assurance Fees (excluding Adult Day Services)		21,388		21,388
	Other General and Administrative*** (Excluding Adult Day Services)				
230		20	13,006	(7,840)	5,166
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 89,971	\$ (27,230)	\$ 62,741
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 358,957	\$ (120,403)	\$ 238,554
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$
241	Adult Day Services and Related Transportation		188,109		188,109
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 547,066	\$ (120,403)	\$ 426,663

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

*** List allocated administrative costs on Line 230

Provider Name				Fiscal Period				Provider NPI		Adjustments
R AND D HOME CARE				MAY 1, 2011 THROUGH APRIL 30, 2012				1770791980		24
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	045	4	2	045	3	Depreciation and Amortization	\$14,914	(\$14,914)	\$0
	4	055	4	2	055	3	Real Property Taxes	3,952	(3,952)	0
	4	065	4	2	065	3	Mortgage Interest	9,243	(9,243)	0
	4	070	4	2	070	3	Property Insurance	1,495	(1,495)	0
							To eliminate property expenses due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			
2	4	080	4	2	080	3	Home Operations and Maintenance	\$6,573	(\$686)	\$5,887 *
							To eliminate home operations and maintenance expenses due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			
3	4	085	4	2	085	3	Utilities	\$4,195	(\$914)	\$3,281
							To eliminate utilities expenses due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			
4	4	090	4	2	090	3	Client Transportation	\$2,031	(\$421)	\$1,610 *
							To eliminate client transportation expense due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)			

*Balance carried forward from prior/to subsequent adjustment

Provider Name				Fiscal Period				Provider NPI		Adjustments
R AND D HOME CARE				MAY 1, 2011 THROUGH APRIL 30, 2012				1770791980		24
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										
5	4	095	4	2	095	3	Dietary To eliminate dietary expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$10,814	(\$212)	\$10,602
6	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$2,322	(\$229)	\$2,093 *
7	4	080	4	2	080	3	Home Operations and Maintenance To eliminate home operations and maintenance due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	* \$5,887	(\$3,674)	\$2,213 *
8	4.1	125	4	2	125	3	Lead Salaries To eliminate lead salaries due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$6,828	(\$2,337)	4,491
9	4.1	130	4	2	130	3	Lead Fringe Benefits To eliminate Lead benefits due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$631	(\$195)	436

*Balance carried forward from prior/to subsequent adjustments

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R AND D HOME CARE							MAY 1, 2011 THROUGH APRIL 30, 2012		1770791980		24
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											
10	4.1	135	4	2	135	3	Aides Salaries To eliminate aides salaries due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$143,039	(\$36,592)	\$106,447	
11	4.1	140	4	2	140	3	Aides Fringe Benefits To eliminate aides benefits due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$13,051	(\$5,861)	\$7,190	
12	4.1	165	4	2	165	3	Speech Pathology Consultant To eliminate speech pathology expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$1,437	(\$475)	\$962	
13	4.1	170	4	2	170	3	Physical Therapy Consultant To eliminate physical therapy expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$1,278	(\$665)	\$613	
14	4.1	175	4	2	175	3	Occupational Therapy Consultant To adjust occupational therapy expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$1,500	(\$120)	\$1,380	

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Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
ADJUSTMENTS TO REPORTED COSTS										
15	4.1	180	4	2	180	3	Pharmacist Consultant To eliminate pharmacist consultant expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$390	(\$130)	\$260
16	4.1	185	4	2	185	3	Nurse Consultant To eliminate nurse consultant expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$20,763	(\$6,500)	\$14,263
17	4.1	200	4	2	200	3	Recreational Consultant To eliminate recreational expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$1,450	(\$1,450)	\$0
18	4.1	220	4	2	220	3	Administrative Salaries To eliminate Administrative Salaries due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$49,898	(\$16,578)	\$33,320
19	4.1	225	4	2	225	3	Administrative Fringe Benefits To eliminate administrative fringe benefits due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$5,679	(\$2,812)	\$2,867

Provider Name							Fiscal Period	Provider NPI		Adjustments	
R AND D HOME CARE							MAY 1, 2011 THROUGH APRIL 30, 2012	1770791980		24	
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											
20	4.1	230	4	2	230	3	Other General and Administrative To eliminate other general and administrative expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$13,006	(\$7,840)	\$5,166	
21	4	080	4	2	080	3	Home Operations and Maintenance To eliminate home operations and maintenance expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	*	\$2,213	(\$1,008)	\$1,205
22	4	090	4	2	090	3	Client Transportation To eliminate client transportation expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	*	\$1,610	(\$180)	\$1,430
23	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	*	\$2,093	(\$1,920)	\$173

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
R AND D HOME CARE							MAY 1, 2011 THROUGH APRIL 30, 2012		1770791980		24
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	
ADJUSTMENT TO REPORTED MEDI-CAL SETTLEMENT DATA											
24	2	3	1	1	1	2	Medi-Cal client Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: May 1, 2011 through April 30, 2012 Payment Period: May 1, 2011 through May 1, 2013 Report Date: May 22, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64 and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404 and 2408 CCR, Title 22, Section 51541	2,066	3	2,069	