REPORT
ON THE
RATE SETTING AUDIT

POSITIVE DIRECTIONS #8
DELANO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1467675017

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: Kristina Nacino
Auditor: Lisa Merrill

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

July 09, 2013

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

POSITIVE DIRECITONS # 8
NATIONAL PROVIDER IDENTIFIER (NPI) 1467675017
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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	415,405	$	195.67
Net Audit Adjustment		(56,860)		(28.98)
Audited Cost/Cost Per Day	$	358,545	$	166.69

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 $1,374, which resulted from Medi-Cal overpayments

3. Audited Allocation of Home Office Cost

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 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.

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 #8

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

Provider NPI:
1467675017

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 19)	2,123	2,151
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	2,123	2,151
5. Total Client Care Expenses (From Sch. 2)	$ 415,405	$ 358,545
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 195.67	$ 166.69
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 21)	$ NA	$ (137)
OVERPAYMENTS		
1. Overpayments (Adj 20)	$ 0	$ (1,237)
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ (1,237)

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #8

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

Provider NPI:
1467675017

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	7	$ 4,915	$ (935)	$ 3,980
050	Leases and Rentals		0		0
055	Real Property Taxes		2,303		2,303
060	Personal Property Taxes		0		0
065	Mortgage Interest		1,239		1,239
070	Property Insurance	8	1,878	(1,309)	569
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 10,335	$ (2,244)	$ 8,091
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	9-11	$ 12,305	$ (567)	$ 11,738
085	Utilities		8,773		8,773
090	Client Transportation (excluding Adult Day Services)	8, 12-15	3,310	(1,971)	1,339
095	Dietary	18	26,575	(4,042)	22,533
100	Personal Care and Laundry		230		230
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 51,193	$ (6,580)	$ 44,613
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 61,528	$ (8,824)	$ 52,704
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	6	$ 12,926	$ (998)	$ 11,928
120	QMRP Fringe Benefits		4,146		4,146
125	Lead Salaries		41,559		41,559
130	Lead Fringe Benefits	6	19,448	(53)	19,395
135	Aides Salaries		119,582		119,582
140	Aides Fringe Benefits		28,892		28,892
145	Other Salaries		2,171		2,171
150	Other Fringe Benefits	1	655	(64)	591
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 229,379	$ (1,115)	$ 228,264

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #8

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

Provider NPI:
1467675017

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 1,123	$	$ 1,123
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		1,399		1,399
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant	3	1,617	(977)	640
185	Nurse Consultant	4	13,228	(3,152)	10,076
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		581		581
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 17,948	$ (4,129)	$ 13,819
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)	5	24,177	(4,149)	20,028
230	Other General and Administrative*** (Excluding Adult Day Services)	1-2, 8, 16-17	82,373	(38,643)	43,730
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 106,550	$ (42,792)	$ 63,758
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 415,405	$ (56,860)	$ 358,545
	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)		$ 415,405	$ (56,860)	$ 358,545

** 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 #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							RECLASSIFICATION OF REPORTED COSTS			
1	4.1	150	4	2	150	3	Other Fringe Benefits	$655	($64)	$591
	4.1	230	4	2	230	3	Other General and Administrativ	82,373	64	82,437 *
							To reclassify mileage expense to the proper cost center f			
							proper cost determination			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							ADJUSTMENTS TO REPORTED COSTS			
2	4.1	230	4	2	230	3	Other General and Administrative *	$82,437	($39,921)	$42,516 *
							To adjust reported home office costs to agree with the Positive Directions, Inc. Home Office Audit Report for fiscal period ended 6/30/12.			
							42 CFR 413.17 and 413.24			
							CMS Pub. 15-1, Sections 2150.2 and 2304			
3	4.1	180	4	2	180	3	Pharmacist Consultant	$1,617	($977)	$640
							To eliminate pharmacy consultant expense to agree with the provider's invoices.			
							42 CFR 413.5 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
4	4.1	185	4	2	185	3	Nurse Consultant	$13,228	($3,152)	$10,076
							To eliminate nurse consultant expense to agree with the provider's invoices and based on census records for proper cost determination.			
							42 CFR 413.5 and 413.24			
							CMS Pub. 15-1, Sections 2300, 2302.1 and 2304			
5	4.1	226	4	2	226	3	Quality Assurance Fees	$24,177	($4,149)	$20,028
							To eliminate administrative expense reported twice for proper cost determination.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
6	4.1	115	4	2	115	3	QMRP Salaries	$12,926	($998)	$11,928
	4.1	130	4	2	130	3	Lead Fringe Benefits	19,448	(53)	19,395
							To adjust salaries and benefits to agree with the payroll records.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							ADJUSTMENTS TO REPORTED COSTS			
7	4	045	4	2	045	3	Depreciation and Amortization	$4,915	($935)	$3,980
							To eliminate depreciation expense due to insufficient and lack of documentation.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 104.1E, 104.14A(4), 2102.3, 2300 and 2304			
8	4	070	4	2	070	3	Property Insurance	$1,878	($1,309)	$569
	4	090	4	2	090	3	Client Transportation	3,310	(575)	2,735 *
	4.1	230	4	2	230	3	Other General and Administrative *	42,516	1,325	43,841 *
							To adjust the reported insurance expenses to agree with the provider's records for proper cost determination.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
	4	080	4	2	080	3	Home Operations and Maintenance	$12,305		
9							To eliminate home operation expenses due to lack of documentation.		($261)	
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
							W&I Code 14124.2(b)			
10							To eliminate items not included in the routine rate.		(219)	
							CCR, Title 22, Section 51510.3			
11							To eliminate prior year's home operations expense.		(87)	
							42 CFR 413.5 and 413.24		($567)	$11,738
							CMS Pub. 15-1, Sections 2300 and 2302.1			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							ADJUSTMENTS TO REPORTED COSTS				
	4	090	4	2	090	3	Client Transportation	*	$2,735		
12							To adjust the reported client transportation expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			($161)	
13							To eliminate tax penalties and/or fines not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1			(93)	
14							To eliminate client transportation expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(1,361)	
15							To include client transportation expense which was reported in another facility in error. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			219 ($1,396)	$1,339
	4.1	230	4	2	230	3	Other General and Administrative	*	$43,841		
16							To eliminate excess mileage expense to agree with the State / Federal published rates. 42 CFR 413.20 and 413.24 CMS Pub. 15-1 Sections 2300 and 2304			($50)	
17							To eliminate dietary consultant mileage expense to agree with the consultant agreement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(61) ($111)	$43,730

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							ADJUSTMENTS TO REPORTED COSTS			
18	4	095	4	2	095	3	Dietary To eliminate dietary expense to agree with the provider's invoices and due to client specific expense for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2203.2, 2300 and 2304	$26,575	($4,042)	$22,533

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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 CLIENT DAYS			
19	2	3	1	1	1	N/A	Medi-Cal Client Days To adjust total Medi-Cal client days to agree with the provider's client census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	2,123	28	2,151

Provider Name	Fiscal Period	Provider NPI	Adjustments
POSITIVE DIRECTIONS #8	JULY 1, 2011 THROUGH JUNE 30, 2012	1467675017	21

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
							ADJUSTMENTS TO OTHER MATTERS			
20	N/A			1	1	N/A	Overpayments To recover overpayments for overstated Medi-Cal bed hold client days. 42 CFR 433.139, 413.20 and 413.24 and 431.07 CMS Pub. 15-1, Section 2409 CCR, Title 22, Section 51458.1	$0	$1,237	$1,237
21	N/A			1	1	N/A	Share of Cost To recover Medi-cal overpayments because the share of cost was not properly deducted from the amount billed and due to insufficient documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786 and 51458.1	$0	$137	$137