

**REPORT
ON THE
RATE SETTING AUDIT**

**POSITIVE DIRECTIONS #1
DELANO, CALIFORNIA
PROVIDER NUMBER: LTC60306G
NPI NUMBER: 1295858652**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

**Audits Section - Fresno
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Adrian Peña**



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



EDMUND G. BROWN JR.
GOVERNOR

January 9, 2012

Trisha LaGue, President
Positive Directions, Inc.
1231 Main Street
Delano, CA 93215-1735

POSITIVE DIRECTIONS #1
PROVIDER NUMBER LTC60306G
NATIONAL PROVIDER IDENTIFIER (NPI) 1295858652
FISCAL PERIOD ENDED JUNE 30, 2010

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	\$	395,895		\$ 180.77
Net Audit Adjustment		<u>(39,252)</u>		<u>(17.92)</u>
Audited Cost/Cost Per Day	\$	<u>356,643</u>		\$ <u>162.85</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 Rate Development Branch.

Trisha LaGue
Page 2

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 #1

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

Provider Number:
LTC60306G

Provider NPI:
1295858652

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>395,895</u>	\$ <u>356,643</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>180.77</u>	\$ <u>162.85</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:
POSITIVE DIRECTIONS #1

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

Provider Number:
LTC60306G

NPI:
1295858652

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	\$ 5,946	\$ (1,690)	\$ 4,256
050	Leases and Rentals		0		0
055	Real Property Taxes		1,829		1,829
060	Personal Property Taxes		0		0
065	Mortgage Interest		2,162		2,162
070	Property Insurance		2,893		2,893
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,830	\$ (1,690)	\$ 11,140
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 16,023	\$ (925)	\$ 15,098
085	Utilities		8,143		8,143
090	Client Transportation	3	3,164	(1,379)	1,785
095	Dietary		17,200		17,200
100	Personal Care and Laundry		230		230
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 44,760	\$ (2,304)	\$ 42,456
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 57,590	\$ (3,994)	\$ 53,596
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,382		\$ 14,382
120	QMRP Fringe Benefits	4	5,636	(93)	5,543
125	Lead Salaries		27,743		27,743
130	Lead Fringe Benefits	4	12,707	(181)	12,526
135	Aides Salaries	5	133,554	(27,516)	106,038
140	Aides Fringe Benefits	4, 5	29,201	(6,795)	22,406
145	Other Salaries		2,228		2,228
150	Other Fringe Benefits	4	586	(14)	572
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 226,037	\$ (34,599)	\$ 191,438

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #1

Fiscal Period:
JULY 1, 2009 THROUGH JUNE 30, 2010

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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		\$ 1,078	\$	\$ 1,078
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant		7,806		7,806
190	Psychologist Consultant		2,184		2,184
195	Physician Consultant		0		0
200	Recreational Consultant		1,452		1,452
205	Social Service Consultant		0		0
210	Other Consultant		1,319		1,319
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,839	\$ 0	\$ 13,839
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		17,244		17,244
230	Other Administrative and General	6, 7	81,185	(659)	80,526
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,429	\$ (659)	\$ 97,770
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 395,895	\$ (39,252)	\$ 356,643
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 395,895	\$ (39,252)	\$ 356,643

Provider Name		Fiscal Period				Provider Number		Adjustment			
POSITIVE DIRECTIONS #1		JULY 1, 2009 THROUGH JUNE 30, 2010				LTC60306G		7			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report								
ADJUSTMENTS TO REPORTED COSTS											
1	4	45	4	2	45	2	2	2	\$5,946	(\$1,690)	\$4,256
Depreciation and Amortization To eliminate depreciation expense due to lack of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											
2	4	80	4	2	80	2	2	2	\$16,023	(\$925)	\$15,098
Home Operations and Maintenance To eliminate pool expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2102.3											
3	4	90	4	2	90	2	2	2	\$3,164	(\$1,379)	\$1,785
Client Transportation To eliminate expense related to the owner's personal use vehicle that is not related to patient care and due to insufficient documentation. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105.9 and 2304											
4	4.1	120	4	2	120	2	2	2	\$5,636	(\$93)	\$5,543
	4.1	130	4	2	130	2	2	2	12,707	(181)	12,526
	4.1	140	4	2	140	2	2	2	29,201	(779)	28,422
	4.1	150	4	2	150	2	2	2	586	(14)	572
QMRP Fringe Benefits Lead Benefits Aides Benefits Other Benefits To adjust workers' compensation expense to the amount allowable based upon the audited premiums. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304											
5	4.1	135	4	2	135	2	2	2	\$133,554	(\$27,516)	\$106,038
	4.1	140	4	2	140	2	2	2	28,422	(6,016)	22,406
Aides Salaries Aides Benefits To abate regional center income against the related costs. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Sections 2300, 2304 and 2328											

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustment	
POSITIVE DIRECTIONS #1		JULY 1, 2009 THROUGH JUNE 30, 2010		LTC60306G		7	
Report References		Audit Report					
Cost Report		Line		Sch.		Line	
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.	
6	4.1	230	4	2	230	2	Other General and Administrative
							\$81,185
							(126) (\$659)
7							To eliminate physician services expense not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2
							To eliminate bank service charges that were charged in error. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304
							(126) (\$659)
							\$80,526

ADJUSTMENTS TO REPORTED COSTS