

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SEYKAT CORPORATION—SHASTA HOME  
LA MESA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1134342520**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

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

**Section Chief: Patricia M. Fox  
Audit Supervisor: Woosung Lee  
Auditor: James Conklin**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

December 12, 2011

Dariush Razavi, Administrator  
Seykat Corporation—Shasta Home  
7979 La Mesa Boulevard  
La Mesa, CA 91941

SEYKAT CORPORATION—SHASTA HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1134342520  
FISCAL PERIOD ENDED DECEMBER 31, 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, 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	\$	313,623		\$ 147.03
Net Audit Adjustment		(187,472)		(88.22)
Audited Cost/Cost Per Day	\$	<u>126,151</u>		\$ <u>58.81</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 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—San Diego at (619) 688-3200.

Original Signed by

Patricia M. Fox, Chief  
Audits Section—San Diego  
Financial Audits Branch

Certified

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

**Provider:**  
SEYKAT CORPORATION—SHASTA HOME

**Fiscal Period:**  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

**NPI:**  
1134342520

<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 20)	2,133	2,145
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,133</u>	<u>2,145</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>313,623</u>	\$ <u>126,151</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>147.03</u>	\$ <u>58.81</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>N/A</u>	\$ <u>0</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:  
SEYKAT CORPORATION—SHASTA HOME

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

NPI:  
1134342520

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	6, 14	\$ 12,583	\$ (1,029)	\$ 11,554
050	Leases and Rentals				0
055	Real Property Taxes	8	10,648	(3,328)	7,320
060	Personal Property Taxes				0
065	Mortgage Interest	7	5,773	(5,773)	0
070	Property Insurance	9	2,753	(2,753)	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,757	\$ (12,883)	\$ 18,874
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 5,305	\$	\$ 5,305
085	Utilities	10, 11, 12, 13	9,603	(1,419)	8,184
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary	2, 17	14,500	(11,384)	3,116
100	Personal Care and Laundry		1,628		1,628
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,036	\$ (12,803)	\$ 18,233
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 62,793	\$ (25,686)	\$ 37,107
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	15	\$ 19,099	\$ 257	\$ 19,356
120	QMRP Fringe Benefits		2,777		2,777
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries	15, 16	128,201	(128,201)	0
140	Aides Fringe Benefits	3	18,641	(14)	18,627
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 168,718	\$ (127,958)	\$ 40,760

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SEYKAT CORPORATION—SHASTA HOME

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

NPI:  
1134342520

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		\$ 360	\$	\$ 360
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	1		2,130	2,130
175	Occupational Therapy Consultant		2,772		2,772
180	Pharmacist Consultant				0
185	Nurse Consultant		8,352		8,352
190	Psychologist Consultant		1,700		1,700
195	Physician Consultant				0
200	Recreational Consultant		2,410		2,410
205	Social Service Consultant				0
210	Other Consultant		1,165		1,165
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,759	\$ 2,130	\$ 18,889
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		17,999		17,999
230	Other General and Administrative (excluding Adult Day Services)	1, 4, 5, 18, 19	47,354	(35,958)	11,396
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 65,353	\$ (35,958)	\$ 29,395
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 313,623	\$ (187,472)	\$ 126,151
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 313,623	\$ (187,472)	\$ 126,151

Provider Name							Fiscal Period			NPI		Adjustments
SEYKAT CORPORATION—SHASTA HOME							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010			1134342520		20
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>RECLASSIFICATION OF REPORTED COSTS</u></b>												
1	4.1 of 6	170	4	2	170	2	Physical Therapy Consultant		\$0	\$2,130	\$2,130	
	4.1 of 6	230	4	2	230	2	Other General and Administrative		47,354	(2,130)	45,224 *	
							To reclassify therapist expenses from administration that were not properly reported on the correct line of the cost report. 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	NPI	Adjustments	
SEYKAT CORPORATION—SHASTA HOME							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1134342520	20	
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>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4 of 6	095	4	2	095	2	Dietary To eliminate the provider's re-allocation of dietary cost between homes based upon revenue. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$14,500	(\$8,963)	\$5,537 *
3	4.1 of 6	140	4	2	140	2	Aides Benefits To adjust aides benefits to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$18,641	(\$14)	\$18,627
4	4.1 of 6	230	4	2	230	2	Other General and Administrative To eliminate state and/or federal income taxes. 42 CFR 413.9 and 413.20 CMS Pub. 15-1, Sections 2122.2A and 2122.2B	* \$45,224	(\$964)	\$44,260 *
5	4.1 of 6	230	4	2	230	2	Other General and Administrative To eliminate reported home office costs that are not supported by documentation. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	* \$44,260	(\$30,000)	\$14,260 *
6	4 of 6	045	4	2	045	2	Depreciation and Amortization To eliminate depreciation expense that is not adequately documented. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$12,583	(\$12,583)	\$0 *
7	4 of 6	065	4	2	065	2	Mortgage Interest To eliminate interest expense that is not adequately documented. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$5,773	(\$5,773)	\$0
8	4 of 6	055	4	2	055	2	Real Property Taxes To eliminate property taxes not related to the current facility. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2122.2F	\$10,648	(\$3,328)	\$7,320

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	NPI		Adjustments
SEYKAT CORPORATION—SHASTA HOME							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1134342520		20
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>										
9	4 of 6	070	4	2	070	2	Property Insurance To eliminate undocumented insurance cost. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$2,753	(\$2,753)	\$0
10	4 of 6	085	4	2	085	2	Utilities To eliminate telephone expense due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$9,603	(\$397)	\$9,206 *
11	4 of 6	085	4	2	085	2	Utilities To eliminate utilities expense related to the old facility location. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	* \$9,206	(\$243)	\$8,963 *
12	4 of 6	085	4	2	085	2	Utilities To eliminate sewer expense related to the old facility location. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	* \$8,963	(\$529)	\$8,434 *
13	4 of 6	085	4	2	085	2	Utilities To eliminate telephone expense that is not adequately documented. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$8,434	(\$250)	\$8,184
14	4 of 6	045	4	2	045	2	Depreciation and Amortization To include depreciation expense for new building based upon provider's construction information and audit calculations. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$0	\$11,554	\$11,554
15	4.1 of 6 4.1 of 6	115 135	4 4	2 2	115 135	2 2	QMRP Salaries Aides Salaries To adjust salaries to the provider's payroll register. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$19,099 128,201	\$257 (20,059)	\$19,356 108,142 *
16	4.1 of 6	135	4	2	135	2	Aides Salaries To eliminate aides salaries that could not be validated through the provider's payroll system. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$108,142	(\$108,142)	\$0

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		NPI		Adjustments			
SEYKAT CORPORATION—SHASTA HOME							JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1134342520		20			
Report References							Explanation of Audit Adjustments							
Cost Report			Audit Report									As Reported	Increase (Decrease)	As Adjusted
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col								
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>														
17	4 of 6	095	4	2	095	2	Dietary To eliminate undocumented dietary purchases not supported with invoices or other documentation reflecting the expenses were for Shasta Home. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$5,537	(\$2,421)	\$3,116			
18	4.1 of 6	230	4	2	230	2	Other General and Administrative To eliminate bond cost that is not adequately documented. 42 CFR 413.5,413.20, 413.24, 413.50, and 413.53 CMS Pub. 15-1, Sections 2202.4, 2102, 2206,2302.6, and 2304	*	\$14,260	(\$2,522)	\$11,738 *			
19	4.1 of 6	230	4	2	230	2	Other General and Administrative To eliminate bond cost that is not adequately documented. 42 CFR 413.5,413.20, 413.24, 413.50, and 413.53 CMS Pub. 15-1, Sections 2202.4, 2102, 2206,2302.6, and 2304	*	\$11,738	(\$342)	\$11,396			

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				NPI		Adjustments
SEYKAT CORPORATION—SHASTA HOME				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				1134342520		20
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>ADJUSTMENT TO REPORTED CLIENT DAYS</u></b>										
20	2 of 6	3		1	1		Medi-Cal Client Days To adjust total client days to agree with the provider's census reports. 42 CFR 413.20 and 413.50 / CMS Pub. 15-1, Sections 2205 and 2304	2,133	12	2,145